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U.S. Reportedly More Willing To Help Curb Buoyant Dollar

WASHINGTON — The United States has signaled to its principal allies that it is more willing than in the past to act to curb an excessive surge in the dollar's strength, even though this commitment has yet to be tested, monetary sources said Friday.

They said that Washington reluctantly assented to the commitment during a two-day meeting here of the so-called Group of Five, comprising the finance ministers of the United States, West Germany, Japan, Britain and France.

The ministers issued a statement late Thursday reaffirming their willingness to help support weak currencies in the group if they agreed that the markets were continuing to bid up the dollar without restraint.



UN Chief Urges Cypriots To Try Harder on Unity

By Andriana Ierodiaconou
International Herald Tribune

UNITED NATIONS, New York — Javier Pérez de Cuéllar, the UN secretary-general, appealed to Greek and Turkish Cypriot leaders Friday to make "much more effort" at talks on ending the partition of Cyprus.

President Spyros Kyprianou and the Turkish Cypriot leader, Rauf Denktaş, started their first direct talks since 1979 at the United Nations on Thursday to negotiate the establishment of federal rule.

But, after their third session of talks on Friday morning, Mr. Pérez de Cuéllar warned: "We need much more effort from both sides before we can reach some positive results." The talks on Friday included a private meeting between the two Cypriot leaders.

"I am sure they realize this is a unique opportunity for making substantive progress," Mr. Pérez de Cuéllar said. The secretary-general's statement came as a surprise. He had previously issued a ban on all comments while the talks were in progress.

Mr. Pérez de Cuéllar said, however, that the negotiations could continue Saturday.

"We have been trying very hard, but... it is not an easy problem. The first important progress is that the two men are together," he said. "I do not expect to solve the Cyprus problem but to put it back on the rails and to start a serious negotiating process for an overall solution."

The two men differed over the basic purpose of attending the New York summit, sources close to the talks said.

Mr. Denktaş insisted that the meeting was a formality, for the signing of a draft settlement agreement reached during three months of indirect bargaining between November and January. The Turkish Cypriots said that working groups should be set up to work out the

nally drawn up during the Williamsburg summit of the seven leading industrial democracies in May 1983.

U.S. Treasury Secretary Donald T. Regan said when the meeting ended that reaffirming the Williamsburg pact gave it added significance.

"He was actually indicating to the markets that the central banks are jointly prepared to step in to the foreign-exchange markets," one senior source said. "In practice, it remains to be seen what the agreement means," he added.

Until now, the United States has been extremely reluctant to intervene to curb the dollar's strength. Recently, only West Germany's Bundesbank and the Bank of France have been prepared to intervene to defend their currencies.

[The head of the West German central bank, Hans Otto Pöhl, said Friday that the five finance ministers agreed that present high exchange rates for the dollar are exaggerated and should not be left unchecked. The Associated Press reported from Washington.]

[Mr. Pöhl said it would be reasonable for the governments to intervene in the currency markets to influence exchange rates and that intervention by Bonn had been successful in September. U.S. readiness to cooperate in such intervention has increased, he added.]

The sources also said that Britain, which had held the similar doctrinaire attitude that intervention was a useless exercise, had also revised its position.

"Obviously, the British attitude has also changed in the light of recent developments," a source said, referring to the recent sharp drop in sterling.

According to official British sources, the agreement can be activated immediately without the need for a further meeting of finance ministers. "We've got a sufficient understanding between us so that this could be mobilized over the telephone," said one official.

If the reported U.S. commitment proves to be true, it would represent a significant change from the line taken by administration officials since President Ronald Reagan took office in 1981.

The Treasury secretary, who will soon take up the powerful position of White House chief of staff, has consistently argued that the dollar is strong because of the robust U.S. economy and the political stability of the United States. On Thursday, he ruled out "massive, prolonged intervention" to change the value of anyone's currency.



A pop singer, Donna Summer, joins the U.S. Naval Academy Glee Club at the Washington Convention Center in practice for a presidential inaugural program.

U.S. Capital Gets Inaugural Fever

Compiled by Our Staff From Dispatches

WASHINGTON — Awash in limousines, minks and champagne, the nation's capital began a four-day extravaganza Friday to celebrate the second inauguration of President Ronald Reagan.

The official program includes eight black-tie balls and a youth ball, two galas featuring such entertainers as Frank Sinatra and the Beach Boys, two fireworks displays and the traditional Inauguration Day parade down Pennsylvania Avenue.

Its planners are hoping to hold costs to about two-thirds of the \$153 million spent on Mr. Reagan's first inauguration in 1981.

In addition, there are numerous official and unofficial art exhibits, concerts, pageants, cocktail parties, receptions and dinners.

This year's inauguration also features two swearing-in ceremonies. Because Jan. 20, the constitutionally mandated date for the inauguration, falls on a Sunday — the day of the football Super Bowl — the president will be sworn in at a quiet White House ceremony on that day. On Monday, he will repeat the oath of office at the Capitol before 140,000 guests.

Republicans In U.S. House Back Arms Cuts

By Helen Dewar
Washington Post Service

WASHINGTON — The House minority leader, after meeting with Defense Secretary Casper W. Weinberger, has warned that House Republicans support efforts to cut President Ronald Reagan's military buildup.

In comments after the meeting on Thursday, Representative Robert H. Michel of Illinois suggested that the administration may suffer major losses in Congress, such as the defeat of the MX missile, unless a compromise is reached on military spending.

It was the second consecutive day that a leading Republican in Congress had called for cutbacks in the Pentagon's budget request. On Wednesday, Alan K. Simpson of Wyoming, the Senate assistant majority leader, said that weapons systems may have to be cut or canceled as part of the Pentagon's contribution to reducing the deficit.

The meeting was closed, but Michael I. Burch, the Defense Department spokesman, said Mr. Weinberger had planned to tell Mr. Michel and other Republican legislators accompanying him that any discussion of freezing the military budget or reducing funding for weapons "could have an impact on the willingness of the Soviets to negotiate seriously" on arms control.

Mr. Weinberger said Thursday that he had already agreed to cuts that would put the military spending increase for the next fiscal year at 5.7 percent after accounting for inflation. Some in Congress have computed the increase at 6 percent.

After the meeting, Mr. Michel said of his Republican colleagues, "I've got enough of a reading to sense there is a view on our side that we can make some reductions" from Mr. Weinberger's request.

"I never saw a defense budget that couldn't be cut and I would expect the same would hold true this year," the legislator said.

Republicans will propose cuts "if we find that strictly adhering to a Weinberger line will cause us in the end to lose several very important votes," Mr. Michel said in answering a question about the MX missile. The administration needs to win four votes this spring, two in each house of Congress, to continue production of the MX.

Mr. Michel said that eliminating the MX would weaken the country's position in arms negotiations. "So, I guess what we're saying is we've got to be very careful and cautious about what we do here that would in any way endanger that position," he said.

Earlier this week, Mr. Michel suggested a deal in which congressional Democrats would support the MX in exchange for trimming the increase to 4 percent after inflation, and he said he mentioned this possible compromise in the meeting with Mr. Weinberger.

But Senate Republicans are considering broader steps, including a one-year, across-the-board freeze on Defense Department spending.

Even with such a freeze, military spending for next year is expected to rise by about \$20 billion, largely because of the cost of previously approved weapons.

This has prompted Republicans. For the first time since Mr. Reagan began his military buildup four years ago, to discuss canceling weapons programs. Mr. Simpson spoke Wednesday of breaking procurement contracts if necessary to bring down costs.

While Mr. Michel did not go that far, he reminded Mr. Weinberger that the administration is pushing for curtailment or elimination of many domestic programs.

"You have enumerated any number of weapons systems, none of which I know of have been put on hold or canceled," Mr. Michel said. "You've got to give the members absolute assurance that each one of the systems are necessary for the country's defense. I'm inclined to believe there's room here for some maybe to be shaved."

Humanities Cuts Expected

The Reagan administration plans to ask Congress to reduce the budget of the National Endowment for the Humanities by 10 percent in the next fiscal year, an official who has seen the proposal has told The New York Times.

The proposed budget is to call for an across-the-board reduction in federal humanities spending, which goes toward research and education in such fields as literature, philosophy and history.

The present budget is \$140 million and the proposed one is \$126 million, but Congress is expected to reject the proposal and approve a budget that is at least as big as the present one.

U.S. Names Team for Arms Talks With Soviet

The Associated Press

WASHINGTON — President Ronald Reagan named a Washington lawyer, Max M. Kampelman, on Friday to lead new negotiations with the Soviet Union on offensive nuclear weapons and missile defense systems.

Mr. Kampelman, 64, a conservative Democrat who was the chief U.S. envoy to the Madrid European security conference from 1981 to 1983, was named head of the U.S. delegation. He will have the specific task of discussing Mr. Reagan's Space Defense Initiative and Soviet defense systems.

Former Senator John G. Tower, a Texas Republican who championed U.S. weapons development as chairman of the Senate Armed Services Committee, will negotiate for reductions in long-range bombers, missiles and submarines.

The third member of the team is Maynard W. Glitman, a career diplomat. Now the U.S. representative at the stalled talks on ground troops in Central Europe, he will direct the bargaining on intermediate-range nuclear missiles.

Paul H. Nitze and Edward L. Rowley, the chief U.S. negotiators until now, will be special advisers to Mr. Reagan and Mr. Shultz, Mr. Reagan said in a statement.

The role of Kenneth L. Adelman, director of the Arms Control and Disarmament Agency, was not made clear, but Mr. Shultz said he would take part in the process.

Mr. Shultz and the Soviet foreign minister, Andrei A. Gromyko, agreed in Geneva earlier this month to resume the negotiations on offensive weapons. Those talks broke down in November 1983. The date and venue of the talks have not been decided.

Ruhr Valley Choked by Heavy Smog

Reuters

DUSSELDORF — Health officials in the West German state of North Rhine-Westphalia issued a maximum smog alert on Friday for western districts of the heavily populated Ruhr Valley because of air pollution.

All nonessential motor vehicles were ordered off the roads. Schools were closed and industries faced orders to radically cut output or shut down.

Friedhelm Farthmann, state minister for health and labor, declared the alert for the industrialized western Ruhr, where the cities of Essen, Duisburg, Bottrop, Krefeld, Mülheim and Oberhausen form an urban sprawl. The area has a population of more than 1.8 million.

Freezing temperatures and low winds combined to trap pollutants in the atmosphere over the area, officials said. The Ruhr smog alert, which also had a smog alert in effect. Smog alerts were also in force in Belgium.

Mr. Farthmann quoted weather forecasters as saying that the situation was not likely to improve in the next 24 to 36 hours.

Officials said 280 companies assessed as pollution risks were expected either to order slowdowns or stop work. Krupp, the giant steelmaker, ordered a production slowdown at its Duisburg plants, and a spokesman for the Thyssen steel complex said massive shutdowns were anticipated.

In Essen, streets usually checked with traffic were almost empty and some pedestrians and bicyclists wore face masks.

A few private vehicles with exhaust-free converters were allowed on the roads. For the first time in West Germany, barriers bearing the word "smog" went up to keep private cars off the roads.

Police said motorists were being cooperative. But public transport was crowded and there was difficulty in coping with the crush. The railroad workers' union called for the suspension of urban public

transit fares for the duration of the alert.

Dutch authorities said their alert, declared on Thursday, remained in force on Friday although conditions had improved. They urged motorists to leave their cars at home and industry to burn gas rather than coal.

In Cologne and Düsseldorf, there was a stage-one smog alert, with officials urging that the use of private cars be limited and that people suffering from respiratory illness remain indoors. State Interior Ministry officials in Düsseldorf said police and emergency services were flooded with calls from people worried about what they should do.

West Berlin also called a stage-one alert on Friday. It was the city's third year.

In Bonn, the Greens party, whose popularity has risen in polls partly because of its concern over pollution, called on state governments to drastically lower the smog alert thresholds.

Sudan Hangs Opponent of Islamic Law

By Judith Miller
New York Times Service

KHARTOUM, Sudan — A leading political opponent of President Gaafar Nimeiri was publicly hanged on Friday.

The executed man, Mahmoud Mohammed Taha, was the founder and leader of the Republican Brothers, a religious and political movement that opposed the establishment of traditional Islamic law in Sudan. Mr. Taha, 76, a devout Moslem, was regarded as a political moderate.

He and four of his colleagues were convicted and sentenced to death in a two-hour trial on Jan. 7 for "heresy, opposing application of Islamic law, disturbing public security, provoking opposition against the government and re-establishing a banned political party" (Continued on Page 2, Col. 1)

Beirut's Battered Residents Fear City Cannot Be Saved From 'Barbarians'

By John Kifner
New York Times Service

BEIRUT — George Zeini is a well-known figure around Makhoul Street in West Beirut. Over the years, his restaurant was a refuge for Lebanese artists, writers, professors, especially Christians — who have stubbornly refused, despite violence and chaos, to move away from this predominantly Moslem sector of the capital.

Gaunt, gray and insistent, Mr. Zeini also ran an art gallery a few blocks away on Rue Bliss. Over lunch one day, he talked excitedly of an exhibition of watercolors of Rue Bliss, at one time an intellectual center of the Arab world, now best known as a place where cars are often stolen at gunpoint. Implicitly, the exhibit would call for a return to the old Beirut tradition of intellectual and political freedom, rather than what Mr. Zeini termed the current rule of "barbarians."

Although Mr. Zeini's restaurant, Smugglers Inn, was robbed six times in the last three months by gunmen who stripped customers of their money and jewelry, it still seemed a small haven for West Beirutis from the mean streets outside. The quickest seats to fill up were the red leather banquettes in the narrow space by the bar in back.

That is where the bomb went off Jan. 10, killing four people and wounding 12. The explosion that destroyed Smugglers Inn was only one of a half-dozen set off within the past two weeks in this nightmare city, where bombings, murder, kidnapping, robbery and gunbattles in the streets are everyday events.

Over the last decade, starting with the 1975 civil war and leading up to the 1982 Israeli invasion, the brief rule of the Christian government and the Moslem revolt and breakup of the army last February, West Beirut became virtually a synonym for mindless death and destruction. For anyone who lived here during that period, it seemed inconceivable that the city could get any worse. But it has.

"I have built this place with my life, all my life, and now it is destroyed — for what?" Mr. Zeini was heard to cry over his ruined restaurant.

"West Beirut is in the grip of lawlessness," a former cabinet minister said. "Everything is bad and getting worse. I am the most depressed and pessimistic I have been in the past 10 years," he went on. "I think now we are going down. Finally. Yes, we are going down."

There appears to be little reason for optimism. The Lebanese government appears hopelessly bogged down in tribal feuds. The once resilient economy is in

Car Bomb and Shelling Kill 3

The Associated Press

BEIRUT — A car bomb exploded in the Moslem sector of West Beirut and shells were fired into the Christian sector Friday, killing three persons and wounding 17, police said.

Police said two pedestrians were killed and 12 wounded in the car bombing in the Beir El-Abed neighborhood just before midday in a vacant lot.

Armed militiamen kept reporters

from visiting the scene. But chunks of metal, barely recognizable as an automobile, could be seen in the lot.

Police also said that six shells exploded in the Christian neighborhoods of Furr El-Shubbak and Ein El-Rummaneh in the morning, wounding three children and an adult. Christian-controlled radio stations accused "unruly elements" among Moslem militias in West Beirut of firing the artillery shells.

bombs that go off in front of shops and offices almost every night, usually, it is believed, to enforce demands for protection money, have been shaken by the catalog of horrors of the last few days.

On Jan. 8, an American priest who headed a relief agency helping war victims was kidnapped by eight gunmen. The abduction occurred less than 12 hours after a kidnapped Swiss diplomat was freed by his captors. The priest, the Reverend Lawrence M. Jenco, was grabbed only a few yards from a big sandbagged police station in the same neighborhood where three other Ameri-

cans have been seized in the last 10 months.

Another American is also missing, and the shadowy terrorist group that calls itself Islamic Holy War said Monday that it planned to put all five on trial as spies.

A day after the bombing of Smugglers Inn, there was another bomb explosion, this time at the Bank of Beirut and Arab Countries. Three people were killed and 15 wounded, all pedestrians unlucky enough to be walking by when the blast sent metal, concrete and glass flying. On the reasons behind the bank bombing, there was only speculation.

Two more bombs exploded Jan. 12, killing two persons in a Sunni Moslem neighborhood, injuring a dozen more and sending militiamen into the streets, where they set up roadblocks. That night another bomb destroyed a Druze amusement parlor near Hamra Street.

Last Monday, two French soldiers of a neutral observer team, which supervises a shaky truce between militias that keep the Green Line open between the Christian and Moslem sectors, were slain by machine-gun fire in the Shiite Moslem shantytown of Bouj al Braneh near the airport. A caller from Islamic Holy War said they "were liquidated for spying on our youths and positions in the Islamic suburbs."

While the overwhelming majority of victims here are civilians, military prowess is not necessarily a guarantee of safety. Recently, the deputy commander of the French observers was found in a district called Thieves Alley with a single bullet in his head and his briefcase missing.

It only adds to the bombing horror that, in almost every case, there is no idea who planted the bomb or why. In Beirut, no one is ever caught, let alone tried.

The chaos has several causes. Most important, there is no single figure or militia strong enough, or willing enough, to impose order on West Beirut, unlike the Christian sector, where reigns the militia associated with the Phalangist party of President Amin Gemayel's family.

The various forces in West Beirut — Shiite, Sunni and Druze — are constantly clashing. The Sunnis, traditionally the elite in Lebanon's sectarian-based politics, have lost the most, for they have little military power.

The Shiite Moslems, long Lebanon's underclass, are now the force to be reckoned with. But it is a volatile and increasingly radicalized force.

The mainstream Shiite militia, Amal, (Continued on Page 5, Col. 3)

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Greek Cypriots, on the Defensive, Seem to Accept Compromise

By Jonathan C. Randal
Washington Post Service

NICOSIA—New color photographs of Archbishop Makarios adorn the walls in the Greek sector of the Cypriot capital, but eight years after his death his shadow no longer dominates this divided island in the eastern Mediterranean.

The diminished importance of his legacy and the ruins of the Greek-dominated Cypriot republic he ran after Britain granted independence in 1960, rarely are mentioned in public now. But taken together they constitute a significant part of the backdrop of this week's talks at the United Nations, which are the most important negotiations between Greek and Turkish Cypriots in five years.

A local newspaper editor remarked privately, "Makarios is no longer an untouchable saint" for Greek Cypriots, who make up nearly four-fifths of the island's estimated 650,000 inhabitants. "That is new."

"We Greek Cypriots now admit to ourselves that Makarios and our other leaders could have made better settlements in the past, and should have accepted compromises," he added. "That, too, is new."

Outmaneuvered in November 1983 when Turkish Cypriots unilaterally proclaimed independence for their portion of

northern Cyprus, and caught off balance again last fall when the Turkish Cypriot leader, Rauf Denktaş, offered territorial and constitutional concessions, the Greek Cypriots realize they are on the defensive and must come up with their own ideas for a federated republic.

Eleven years after the Turkish Army invaded and occupied 36 percent of the island, many Greek Cypriots grudgingly have come to accept the idea that the two communities must remain separated.

If the negotiations succeed, as many as 40,000 could return to Varosha, the Greek sector of the port of Famagusta where there are about 30 deserted luxury hotels owned by Greek Cypriots. While older Greek Cypriots may long for their villages in the Turkish sector, many younger ones appear to have little or no such attachment.

Few Cypriots, Greek or Turk, are publicly willing to do more than express support for the talks in New York. Still, for perhaps the first time, Cypriots are hopeful that the way may be cleared for the difficult negotiations that eventually may bring both communities back from the threat of breaking into two independent states.

The Cypriot government officially and Greek Cypriots privately say they were encouraged when about 30 Turkish Cypriot journalists accepted an invitation for the

post-Christmas ball given annually by the Greek-dominated Cyprus Union of Journalists. Among those who came was Raif Denktaş, son of the Turkish Cypriot leader and head of the Turkish Cypriot Social Democratic Party.

"They were the star attractions after so

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many years," the local editor said, but he wondered whether his teen-age son who in the past decade had had no Turkish Cypriot friends would have felt the same elation. After so many years of separation, only the older Cypriots have childhood memories of growing up with members of the other community.

All but overlooked is the presence of the UN peacekeeping force, established 21 years ago, that has 2,311 men drawn from seven nations. They have provided the safety net that has kept intercommunal violence to a minimum at an annual cost of \$100 million.

Nowhere along the 135-mile-long (215-kilometer-long) buffer zone separating the two sides is tension more palpable than in the narrow, winding streets of the Old City of Nicosia, now patrolled by 425 men of the Royal Canadian Regiment's 1st Battalion.

The Canadians keep an eye on rival Greek and Turkish Cypriot troops who face each other from well-entrenched positions that are often less than 10 yards (nine meters) apart.

Although flare-ups are infrequent, 13 months ago a Greek Cypriot soldier was shot dead outside his observation post and now the Canadians man a station 10 yards away.

Lightly armed two-man Canadian teams record, and try to stop, the usually minor violations—name calling, occasional rock throwing and shining of lights at the adversary.

Every rusted sand-filled barrel replaced by a new one, every new bit of metal sheeting is scrutinized by the other side, lest the rivals improve a position at its expense.

Yet, Greek and Turkish workers recently laid a sewer pipe in the buffer zone, as the Canadians kept watch.

Such small, practical successes may set in motion an examination of the complicated details of any agreement.

The details—the sharing of power and guarantees for the Turkish minority, how and when the remaining 24,000 mainland Turkish (and about 3,000 mainland Greek) troops would leave, who would guarantee a

final settlement—have been insoluble in previous negotiating rounds.

The present round owes much to Javier Perez de Cuellar. Before becoming UN secretary-general, he spent years as the UN special representative on the Cyprus issue and knows it thoroughly. Also helping were the Reagan administration, the Council of Europe and the European Community.

Diplomats here say that the point was often made to Turkey that it was in Ankara's best interests—and those of the West—to prevent further deterioration on the North Atlantic Treaty Organization's exposed eastern flank. Greece and Turkey, although often hostile to each other, are members of NATO.

Such accumulating of the positive, according to diplomats, persuaded Turkey to make the same case to the Turkish Cypriots.

Although President Ronald Reagan wrote a letter to President Kenan Evren of Turkey in November suggesting such an accommodating step, some diplomats say they believe that the Turkish leader already had made up his mind to move. A bill to provide aid to Turkey had just narrowly passed the U.S. Senate and, as one diplomat said, "Even didn't need a diagram."

7 Held in India as Spies On Gandhi Government

By William Claiborne
Washington Post Service

NEW DELHI—An espionage ring that penetrated the prime minister's office and senior positions of the Defense Ministry and passed secrets to foreign agents was broken Friday with the arrest and arraignment of at least seven persons, the authorities said.

Five of the alleged spies, including a personal assistant to Prime Minister Rajiv Gandhi's principal secretary, were government officials. Three of them, according to Indian news agencies, had been working in the prime minister's secretariat and had access to state secrets.

The other two persons arrested were identified by security sources as "businessmen."

Involving the National Security Act, Indian officials refused to divulge the names of the arrested officials or identify the foreign country to which they are alleged to have reported.

Man Resisting Holdup Kills Youth in Chicago

The Associated Press

CHICAGO—A youth who was shot by a man from whom he was trying to steal groceries died Friday, the police said. They appealed for the gunman to surrender.

A police official compared the incident Thursday night to the well-publicized shooting of four youths on a New York City subway last month. He said the man had produced a gun after the 18-year-old victim and an accomplice, both wearing ski masks, had demanded his two bags of groceries at knife-point.

Sudan Executes Opposition Leader

(Continued from Page 1)

ty," according to the Sudan news agency.

Their specific offense was having distributed a pamphlet calling for the abolition of Islamic law, which was imposed in September 1983.

On Thursday, General Nimeiri confirmed the death penalty in a speech after Mr. Taha refused to recant. General Nimeiri gave the other four convicted men three days in which to recant, or face execution. The four were among those who witnessed the execution.

As the trap door of the red steel scaffold swung open, 1,000 Sudanese men gathered in the Kober prison courtyard in Khartoum, many of them members of the extremist Moslem Brotherhood group, leaped to their feet and shouted in Arabic, "Death to the enemy of God."

Sudanese and Western residents here interpreted the execution of Mr. Taha as a warning by General Nimeiri to his political and religious opponents, who appear to be increasing.

Mr. Taha's group, which is non-violent, has enjoyed growing support in the universities and among young, more moderate Sudanese, who oppose the ban on alcohol and other social prohibitions enforced by the general's 15-year-old government. The group favors equality of men and women, Moslems and non-Moslems, and implementation of a more merciful interpretation of Islamic law.

Mr. Taha and his group argued that General Nimeiri's version of "Sharia," Islamic law, had "distorted" Islam in the eyes of intelligent members of our people and in the eyes of the world, and degraded the reputation of our country," stated the leaflet that prompted Mr. Taha's arrest.

The hanging stunned many foreign diplomats and Sudanese since it came at a time when General Nimeiri was growing internal discontent in part because of the famine in his country.

The execution also underscored what Western and Sudanese officials described as General Ni-

meiri's increasingly erratic, unpredictable behavior. Many diplomats had predicted that General Nimeiri would commute Mr. Taha's death sentence, since he recently pardoned Philip Abas El Ghabbouni, a Christian convicted of having plotted a coup against him.

Some diplomats said that Mr. Taha's death had shattered the widely held view here that the United States and Egypt had successfully persuaded General Nimeiri to back away from decisions and harsh measures that had alienated many northern Sudanese and fueled the insurgency in the south, where one-third of Sudan's 22 million people live.

General Nimeiri had slowly been regaining a more moderate image. Last September, he canceled the state of emergency he imposed in April, saying that Sudan was now free of "corruption and immorality."

In October, he ended the amputations, lashings and other harsh punishments that had offended many Sudanese. He also appeared to back away from imposing Islamic law on the south, where it was opposed by the region's mostly Christian and animist population.

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AMERICAN CATHEDRAL IN PARIS, 23 Ave. George-V, 75008 Paris. The Very Rev. James B. Leo, Dean. Mass: 9 a.m., 11 a.m. Church school and nursery 11 a.m. Weekdays: 12 noon. Tel.: 720.17.92.

CENTRAL BAPTIST CHURCH, 13 Rue du Vieux-Colombier, 75006 Paris. Rev. Dr. S. J. Smith. Sunday worship in English 9:45 a.m., Rev. A. Somerville. Tel.: 007.67.02.

PARIS SUBURBS
EMMANUEL BAPTIST CHURCH, Boulogne-Boulevard, English speaking, all denominations. Bible study: 9:45, worship: 10:45. 36 Rue Boulogne. Tel.: 749.15.29.

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Polish Officer Destroyed Evidence, Witness Says

United Press International

TORUN, Poland—A security police colonel who is accused of complicity in the murder of a pro-Solidarity priest ordered the destruction of evidence that incriminated himself, a witness testified Friday.

Janusz Drozd, a police major who gave evidence before a court in Torun, directly implicated Adam Pietruszka, a security police colonel. The colonel has denied that he incited three other officers to kidnap and murder the Reverend Jerzy Popieluszko on Oct. 19.

Major Drozd said that, after the priest's killing, a deputy interior minister, Wladyslaw Cielon, ordered employees in his ministry to submit written statements about their exact movements on the day of the crime to their commander-in-chief, General Zenon Jankowski. But the major said that the colonel

had ordered that key passages incriminating him be erased.

"Pietruszka looked through the statements before they were submitted," the major testified. "He said some were too long and underlined certain sections in them which he said had to be removed."

The colonel, who has been stripped of his rank, reacted to Major Drozd's testimony by rising in the courtroom and shouting: "This man is a sensationalist—he is conducting a smear campaign against me."

Mr. Pietruszka is facing trial with Captain Grzegorz Piotrowski and Lieutenant Waldemar Chmielewski and Leszek Pekala, who are accused of kidnapping, beating and murdering Father Popieluszko. The priest's body was retrieved from a reservoir on the Vistula River on Oct. 30. All four officers have been stripped of their ranks and face possible death sentences.

During earlier testimony, Mr. Piotrowski maintained that Mr. Pietruszka carried out the crime on his own initiative. He said that he wanted to curb the activities of Father Popieluszko, a prominent supporter of the banned trade union, Solidarity. But he said that he never gave orders for force to be used against the priest.

Major Drozd referred to a statement written by Barbara Story, Mr. Piotrowski's secretary. He said Mr. Pietruszka had ordered her to retype the statement omitting a key passage. "He told me to destroy her old statement after she had typed the new one," the major said.

According to Major Drozd, the deleted passage read: "On October 19, when Grzegorz Piotrowski was leaving the office he told me to tell anyone who was looking for him that Pietruszka would know where I am."

Another Interior Ministry employee, Zbigniew Strocinski, 33, testified that Mr. Pietruszka had ordered him to delete a similar reference from his statement before he submitted it to General Jankowski.

Nouméa Forces on Alert For Visit of Mitterrand

The Associated Press

NOUMEA, New Caledonia—Heavily armed riot police were patrolling the streets of Nouméa and units of elite paratroopers of the French Army were in the surrounding countryside Saturday as President François Mitterrand of France arrived in this politically tense Pacific territory.

More than 300 riot police with rifles, machine guns, batons, shields and riot helmets guarded roads leading to the French High Commission.

"We will take no chances," a French military official said.

Mr. Mitterrand's visit follows rioting in Nouméa last weekend by European settlers opposed to independence and the death of two prominent figures in the separatist Kanak Socialist National Liberation Front in a clash with security forces.

The French leader was scheduled to spend 12 hours in New Caledonia. He planned a series of meetings with members of the Territorial Assembly, civic and political leaders and representatives of trade unions and religious groups.

Mr. Mitterrand said he was making the visit to support Edgard Pi-

sani, the special French envoy, who has been trying to find a political solution to the independence problem. Mr. Pisani has proposed a referendum on granting independence to New Caledonia under a plan which includes France maintaining control over defense and internal security.

The Kanak front, which claims to represent most of the native Kanak people, is demanding independence from France. Independence is strongly opposed by most of the Europeans, Polynesians and Asians who make up 37 percent of the island's 150,000 people.

Anti-independence leaders called on their supporters to march Saturday in Nouméa to demonstrate to Mr. Mitterrand their determination to remain under French rule. Europeans were putting up hundreds of French flags outside their homes, and in almost every shop window in town.

Under the state of emergency imposed after last weekend's rioting, gatherings of more than five people are banned. On Friday, authorities refused to say whether they would allow or ban the march.

The Kanak leader, Jean-Marie Tjibaou, said at a news conference on Friday that he was willing to meet with Mr. Mitterrand, although no invitation has yet been extended.

Two shots, meanwhile, were fired Friday at the home of an Asian businessman in Nouméa who supports the Kanaks, but no one was hurt, police said. No other incidents were reported.

1,624th Cosmos Launched

The Associated Press

MOSCOW—The Soviet Union on Friday launched the 1,624th satellite in its Cosmos series, the official news agency Tass said. The launch came three days after a multiple launch of six satellites from a single carrier rocket and a later in the same day of Cosmos-1,623.

WORLD BRIEFS

Time Loses on Trial's Second Issue

NEW YORK (AP)—The jury in Ariel Sharon's \$50-million libel suit decided against Time magazine Friday on the second major issue, falsity, and prepared to deliberate on the third issue, malice.

Jurors had deliberated for two days since deciding the first issue before them, that Time's report saying that Mr. Sharon "discussed" revenge with Lebanese Phalangist leaders was defamatory. Phalangist militiamen massacred Palestinians in Beirut while Mr. Sharon was Israel's defense minister.

To award Mr. Sharon a libel verdict, the jury still must find that Time published the report either knowing it was false or with reckless disregard of its truth. And Mr. Sharon must persuade the jury that his reputation was damaged by the story.

U.S. Seeks Regional Talks With Soviet

WASHINGTON (AP)—The Reagan administration, seeking a broader dialogue with the Soviet Union, intends to propose talks on Central America and other unstable areas of the world now that it has a new agreement to exchange views on the Middle East, according to U.S. officials.

"We'd be happy to chat with them about any number of different regions," a U.S. official said. The Middle East "is the only one where there is an agreement of principle thus far. We have offered to talk about a number of other regions as well. We'd be happy to have that."

The agreement reached Jan. 8 in Geneva to resume talks on reducing nuclear weapons reopened the U.S.-Soviet dialogue on an issue that is central to their relations and also cleared the way for talks on other topics, although the agreement on the Middle East was reached first.

Opposition Party Is Set Up in Seoul

SEOUL (AP)—A new opposition party, made up largely of followers of two dissident leaders, Kim Young Sam and Kim Dae Jung, was established formally Friday with a pledge to "resurrect a genuine parliamentary democracy" in South Korea.

With the two dissidents still barred from politics, the party, named the New Korea Democratic Party, was hurriedly organized by their followers to challenge the government party of President Chun Doo Hwan in National Assembly elections scheduled for Feb. 12.

Instrumental in bringing together hitherto split opposition forces was the dissident Council for the Promotion of Democracy, led by Kim Young Sam, who once headed the now-defunct opposition New Democratic Party. Police again sealed off Mr. Kim's house in southern Seoul early Friday in an apparent move to keep him from attending the party's inaugural convention at a Seoul hotel. Kim Dae Jung, the other dissident leader, now is in exile in the United States.

Sri Lanka Claims Seizure of Weapons

COLOMBO, Sri Lanka (Reuters)—Security forces have captured a large quantity of weapons during raids on three guerrilla camps in Sri Lanka's northern province during the past 10 days, the national security minister, Lalith Athulathmudali, said Friday.

The weapons, ranging from guns and ammunition to anti-tank grenades and portable rocket launchers, were displayed at army headquarters.

The minister said the weapons, manufactured abroad, had been purchased or received as gifts from foreign sources. He did not identify the sources. Mr. Athulathmudali said the discovery of the arsenal showed that the guerrillas, fighting for a separate Tamil state, had been preparing for a major attack on the army.

UN Says Iraq Bombed Villages in Iran

UNITED NATIONS, New York (UPI)—Investigation by a United Nations team showed Friday that Iraqi planes dropped cluster bombs on civilian targets in three Iranian villages two weeks ago, killing nine persons and wounding at least 30.

The investigation of the Jan. 4 attack was carried out at the request of the Iranian government. UN teams have been stationed in Iraq and Iran since last summer to verify adherence by the two sides to their June 12 agreement not to attack civilian targets in the war that began in September 1980.

The team, in its report to Secretary-General Javier Perez de Cuellar, confirmed that Iraqi planes attacked the villages of Alwanah, Bardieh and Delavieh near Susangerd in southwestern Iran on Jan. 4.

U.S. Denies Report of Agca Contact

ROME (Reuters)—The U.S. Embassy denied Friday a press report that it had any dealings with Mehmet Ali Agca, the Turk who shot Pope John Paul II in 1981.

La Repubblica, a Rome daily newspaper, published an August 1983 letter, purportedly written by Mr. Agca, that suggested he had been in contact with the military attaché and had begun cooperating with Italian authorities after receiving a signal from the attaché.

The U.S. Embassy said in a statement that its military attaché had received a letter purporting to be from Mr. Agca in August 1983, and passed it on to the magistrate investigating the assassination attempt. Mr. Agca is serving a life sentence in an Italian prison for attempting to kill the pope in St. Peter's Square on May 13, 1981.

26 Injured in German Refinery Blast

WESSELING, West Germany (AP)—Liquid gas leaking from a broken pipe exploded Friday, igniting a fire at a refinery here near Cologne and injuring 26 people, police said.

According to initial estimates, the blast and fire at the Rheinische Oelwerke plant, which produces polyethylene, caused at least 100 million Deutsche marks (about \$33 million) in damage, police said.

Seven of the injured workers were hospitalized for treatment of cuts caused by glass windows shattered by the force of the blast, police said. It also broke windows in homes and other buildings near the plant, which is on the southern outskirts of Cologne.

For the Record

The 43d game of the world chess championship was drawn Friday night after 21 moves, with the challenger, Gary Kasparov, offering the draw and Anatoli Karpov, the world champion since 1975, accepting. Mr. Karpov holds a 5-1 lead in the tournament and needs one victory to retain his title.

The U.S. Army ended its on-site investigation of the Pershing-2 missile accident that killed three soldiers in southern West Germany, but disclosed no details of its findings. The rest of the investigation will take place in the United States, a spokesman said.

Nearly 3,000 miners abandoned Britain's 10-month coal strike this week, the highest weekly total since November, and about 39 percent of the country's miners are working, the National Coal Board said. (UPI)

Corrections

A United Press International story on the Daya Bay, China, nuclear power plant that appeared Jan. 4 reported erroneously that Framatome SA would supply reactors under license from Westinghouse Electric Corp. Framatome is no longer a licensee of Westinghouse.

The Associated Press reported erroneously in an article in the Jan. 18 edition that International Business Machines Corp. said that its profit would have risen 32.4 percent in 1984 if the dollar's value had remained unchanged from 1983. The figure referred to IBM's non-U.S. operations only.

U.S. Objects to Israel Over Report That Ethiopians Are on West Bank

WASHINGTON—The Reagan administration has expressed concern to Israel about reports that some Ethiopian Jewish refugees have been settled in the West Bank, State Department officials said.

The officials said Thursday that the U.S. Embassy in Tel Aviv had been instructed to complain to the Israelis about reports that hundreds of the Ethiopian Jews—part of an airlift of about 10,000—had been sent to the Kiryat Arba settlement outside Hebron in the West Bank.

The United States has given Israel about \$125 million to help resettle the new immigrants this fiscal year and Washington wants to make sure none of the money is spent on enlarging Jewish settlements in the West Bank.

The United States has contended that the status of the West Bank should be decided through negotiations involving Jordan, Egypt, Israel and local Palestinians and it has asked Israel not to begin additional settlements in advance of negotiations. Israel has refused to rule out further settlements.

An Israeli Embassy official said that Yakov Tzur, minister of immigration, recently noted that there were five processing centers in Israel and that only one of them was in the West Bank. Mr. Tzur, who wants the United States to double resettlement aid, reportedly assured U.S. officials that the West Bank center would not necessarily be the refugees' permanent home.

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U.S. Boycotts World Court Proceedings On Nicaragua

The Associated Press

WASHINGTON — The U.S. State Department announced Friday it would boycott future World Court proceedings on Nicaragua's complaint that the United States is an aggressor country.

U.S. officials said that a boycott was possible, following a World Court ruling in November asserting that, contrary to U.S. claims, the tribunal has jurisdiction in the conflict between the Reagan administration and Nicaragua's Sandinist government.

"Nicaragua's case presents political questions that are not susceptible to resolution by any court and that under the United Nations Charter are specifically not intended for the World Court," said a State Department spokesman, Alan D. Romberg.

He said that "the political, economic, social and security problems of Central America will be solved only by political and diplomatic means — not through a judicial tribunal."

Carlos Arguello Gómez, Nicaragua's ambassador to the Netherlands and his country's chief lawyer at the court, reacted by saying, "My conclusion is that the new government which is going to be inaugurated in Washington Monday is an outlaw government," United Press International reported from The Hague.

"The first public decision of the new government is to reaffirm the policy of the Reagan administration of violating international law. From the legal point of view, the United States knows very well that what it is intending to do is completely against international law and treaties to which the U.S. is bound," Mr. Arguello said.

In May, the court, formally the International Court of Justice, issued a restraining order calling on the United States to halt its mining of Nicaraguan harbors and to stop supporting rebel activities against the Sandinist government. The court has no enforcement powers.

Nicaragua took its case to the court last spring following the disclosure of a CIA role in mining Nicaragua's harbors. The Reagan administration stopped the mining following widespread public condemnation and repeated instances in which third-country vessels, including some from friendly nations, were damaged by the mines.



FIREMAN TRAPPED — Rescue workers use a blowtorch to free Brian Ollerhead, of Plymouth, Massachusetts, who was trapped when an extension ladder closed on his leg and other fire fighters were unable to open it. Mr. Ollerhead suffered a broken leg.

AMERICAN TOPICS

The Bottom Line Isn't Everything

A small but growing trend is in "socially responsible" mutual funds like Pax World and the Social Investment Fund, both of Bethesda, Maryland; Dreyfus's Third Century Fund in New York and the Working Assets Money Fund in San Francisco. All try to invest in companies that have good records on pollution, product safety, equal opportunity and workers' health and safety.

Pax has grown to a value of \$16 million, Calvert to \$46 million, Dreyfus Third Century to \$131 million, Working Assets to \$40 million.

The Pax president, Luther E. Tyson, told The Washington Post that shareholders "not only get dividends, they also get satisfaction knowing that those dividends were made in a way they approve."

Homework Theory: Less Can Be More

Educational reformers say American children do not do enough homework. But Helen Featherstone, writing in The Harvard Education Letter, says, "When it comes to homework, more is not necessarily better. Elementary schoolchildren probably spend too much time on

homework, and a lot of what they do is busywork. Homework is certainly a good idea in high schools, but a lot of thought has to go into making it worthwhile."

Mrs. Featherstone added, "Young children have strong developmental needs to do things other than school work. They need time to play outdoors, and with the budget cuts in schools reducing instruction in music and the arts, they need instruction of this sort."

"It's important for children to have time to read books that they enjoy, but how often do you see an assignment: 'Read a book you enjoy for an hour?'"

Short Takes

The Highway Beautification Act of 1965, inspired by Lady Bird Johnson, brought about the removal of 600,000 billboards along American highways. Sign owners were paid \$200 million in compensation by the taxpayers. But 20 years later, the General Accounting Office says that 200,000 billboards remain and, because of shrinking public funds and lax enforcement of a law filled with loopholes, three times as many billboards went up last year as were torn down.

Although the legal debate continues, the California Supreme Court has apparently upheld a new law providing that a wife who supports her husband

through professional school may be entitled to recover her expenses, plus interest, if they get divorced, but she cannot share in his future income. Divorce law in California often has set the pattern for other states.

A Few Grains of Salt For Annual Reports

If their annual reports are to be believed, "1984 has been a fabulous year for all of the major corporations in America," John Held writes in The Washington Post. "Their current management teams were infallible. The only goals were committed by executives who were subsequently replaced... Upturns were the result of brilliant strategies and efficiencies, while the downturns were caused by unforeseeable market softness, uncontrollable foreign exchange rates... or by an occasional capricious and nasty act of God."

Mr. Held says, "You will have to conclude that the dominant factor in corporate fortunes is Lady Luck. With managerial wisdom so rampant, she alone can account for the vagaries of the bottom line."

"What you're bound to discern, however, is a different lady, the muse of annual report prose: Pollyanna."

—Compiled by ARTHUR HIGBEE

Reagan to Seek More Aid for El Salvador

By Philip Taubman
New York Times Service

WASHINGTON — The Reagan administration, increasingly concerned about political problems facing the president of El Salvador, will ask the U.S. Congress for additional military and economic aid for that country this year, according to senior administration officials.

Congress approved \$326 million in economic aid and \$128 million in military aid to El Salvador for fiscal year 1985. The White House officials said Thursday the administration would like to bring military aid up to a total of about \$200 million and add at least \$100 million in economic assistance.

The White House spokesman, Larry Speakes, confirmed Friday that the administration planned to seek increased aid. The Associated Press reported. He said the amounts reported by The Times were roughly correct.

Recent U.S. intelligence assessments have reported that El Salvador's president, José Napoleón

Duarte, is confronted by the most serious threats to his government since he took office last June, the officials said.

The problems include tenuous support in the military command for his peace talks with guerrillas, resentment among civilian leaders over an effort to help his son, Alejandro, seek re-election as mayor of San Salvador and the possibility that rightist parties could build on their control over the legislative assembly in March elections.

Although the Reagan administration obtained congressional approval in October for almost all the aid it requested for El Salvador in fiscal year 1985 — the first time Congress did not make significant cuts in proposed aid to El Salvador — officials say they believe additional assistance is required.

L. Craig Johnston, deputy assistant secretary of state for Central America, said in an interview that a supplemental aid request, with an emphasis on economic assistance, "would clearly be desirable."

Other officials said a request for

additional aid almost surely would be submitted to Congress within the next two months, in part to demonstrate strong support for Mr. Duarte.

Mr. Johnston said the use of any additional military aid would be focused on trying to improve the mobility of the Salvadoran armed forces and to enhance battlefield communications. Last year, the United States doubled the size of El Salvador's helicopter fleet.

Congressional approval of added aid this year appears uncertain. Representative Michael D. Barnes, a Democrat from Maryland and chairman of the Western Hemisphere subcommittee of the House Foreign Affairs Committee, said Thursday, "We're trying to find areas for cuts, not areas for increases."

"Since this is a case where they can't argue that Congress was not generous, I think a request for supplemental aid would be very closely scrutinized," he said.

Hearings Set on Covert Aid
Representative Lee H. Hamilton

said, a Democrat of Indiana, who is the new chairman of the House Intelligence Committee, said Thursday he will continue House Democratic leaders' efforts to withhold covert CIA aid from anti-Sandinist rebels in Nicaragua. The Washington Post reported.

Mr. Hamilton said he will schedule a series of closed hearings on the covert aid, including an inquiry into reports that the CIA is channeling aid to the rebels through third countries, such as Honduras, El Salvador and Israel.

The hearings also will cover alleged atrocities by insurgents fighting the Sandinist government in Nicaragua, reports that the CIA is transferring U.S. military equipment to Afghanistan, and the possibility that the CIA evaded congressional spending limits, he said.

"I think the covert action type you have in Nicaragua, a paramilitary action, diverts the entire intelligence community so that it is not able to perform as well its function of intelligence analysis," Mr. Hamilton said.

Research Test Devised for MS Patients

By Boyce Rensberger

WASHINGTON — Stanford University researchers have developed a potential treatment for multiple sclerosis that works on a nearly identical disease in mice.

The treatment would represent one of the first big medical payoffs from a new biotechnology called monoclonal antibodies.

Multiple sclerosis, which usually first attacks people in young adulthood, begins with brief episodes of paralysis or weakness and visual problems. As years go by, the episodes occur more frequently and last longer until the victim is permanently blind and bedridden.

The mouse version of MS, which may or may not be the same as the human version, begins when certain white blood cells, called helper T cells, branch out from their usual job of attacking infectious germs. They invade the brain and spinal cord, which are normally closed to them, and attack the insulation that sheathes nerves.

Without insulation, adjacent nerves touch and, much like a bundle of stripped wires in an electronic device, short out. Signals to and from the brain are misdirected or blocked.

Scientists cannot say for certain that human MS is the same as the mouse disease but multiple sclerosis victims do have severe damage to their nerve insulation and T cells have been found in the damaged regions, where they are normally absent.

Henry McFarland, a specialist on multiple sclerosis at the National Institutes of Health, cautioned that even if the mouse disease is the same as the human disease, a treatment that reversed the mouse symptoms early in their disease might still have little or no effect on human sufferers late in their disease. Multiple sclerosis is not often diagnosed until after a person has had several attacks over a period of years.

"What we've been able to develop," said Lawrence Steinman, one of the leaders of the Stanford group, "is an antibody that attacks the T cells and keeps them from attacking the myelin sheath," the nerve insulation.

Antibodies are protein molecules with a shape that allows them to bind only to other proteins that have a complementary shape. The mechanism is analogous to that of a lock that will accept only keys of the right shape.

Monoclonal antibodies are antibodies that are identical because they were manufactured in cells that are all descendants, or clones, of a single, specially engineered, antibody-making cell.

Because the mouse disease is caused by T cells that have gone awry (nobody knows how), the Stanford group reasoned that anything that hindered T cells might stop the progress of the disease. They developed monoclonal antibodies tailored to bind to one particular protein on the outer surface of T cells in the hope that this would somehow disrupt the cell's ability to penetrate the brain and spinal cord to reach myelin-sheathed nerves.

The antibodies were then tested on mice. Mr. Steinman said that when the monoclonal antibodies were given before symptoms would normally develop, the disease was totally prevented. When given after paralysis and weakness had begun, all symptoms were reversed in 72 hours in 14 out of 16 mice. In a control group receiving no antibodies, 13 of 16 mice were either dead or more severely paralyzed after the same 72 hours.

U.S. Court Extends Right to Refuse Life Support

By Ronald Sullivan
New York Times Service

TRENTON, New Jersey — The New Jersey Supreme Court has ruled that all life-sustaining medical treatment, including feeding tubes, can be withheld or withdrawn from incompetent as well as competent terminally ill patients, provided that is what the patient wants or would want.

The 6-to-1 ruling, issued Thursday, involved an 84-year-old mentally incompetent, terminally ill patient in a nursing home.

Although other state courts have made similar rulings in recent years, the New Jersey ruling was described by experts in medical ethics and law as one of the most far-reaching. It is not binding on other states, but the ruling is expected to have a strong influence elsewhere.

The court refused to draw any distinction between a feeding tube and a respirator in decisions on withdrawing life-sustaining care from a patient. The ruling would allow the tube to be withdrawn, provided that a series of clear tests spelled out by the court were followed.

Although removing a patient from a respirator may not cause death, the withholding or withdrawal of feeding certainly would cause death, often within a week.

The court re-emphasized the constitutional right of competent adults to refuse medical treatment, even at the risk of death, and extended that right to incompetent patients, even though they are no longer capable of expressing their wishes.

The Appellate Division of state Superior Court, in a unanimous 1983 ruling, had said that the removal of a feeding tube from the nursing home patient, who had "no cognitive abilities," would have "constituted homicide" and would have violated the fundamental medical principle to "do no harm."

The state's highest court, reversing that ruling, said that removing a feeding tube was no different, on ethical, religious, medical or legal grounds, from turning off a respirator or withdrawing any other medical treatment.

"A competent patient has the

right to decline any medical treatment, including artificial feeding, and should retain that right when and if he becomes incompetent," said the opinion, written last year by Associate Justice Sidney M. Schreiber, who has since retired.

But the court said several "best interest tests" must be taken before any withdrawal of life support from an incompetent patient is made.

First, an effort must be made to determine what the patient said on the issue while competent.

If no evidence is available, then the family and physicians should measure whether the burdens of the

patient's life with treatment outweigh the benefits that the patient derives from life.

Moreover, the court said, the unavoidable, recurring and severe pain of a patient's life with treatment should be such that the effect of administering life-sustaining treatment would be "inhumane."

The ruling came nine years after the court's landmark decision that allowed Karen Ann Quinlan to be removed from a respirator. Doctors thought at the time that she would die immediately, but Miss Quinlan, 31, remains in a persistent comatose, vegetative state, kept alive by

nutrients fed to her through a tube.

Paul Armstrong, the lawyer representing Miss Quinlan's parents, said on Thursday that they had no intention of seeking permission to withdraw her feeding tube.

The nursing home patient, Clare Conroy, died of natural causes on Feb. 15, 1983, 13 days after a Superior Court judge had issued an order, stayed by the appellate division, allowing her feeding tube to be removed.

Even though Miss Conroy's death made the case moot, it was appealed to the state Supreme Court because of the ramifications.

U.S. Military Faults Its Medical Care

By Philip M. Boffey
New York Times Service

WASHINGTON — Serious deficiencies have been found in appointing and evaluating doctors in the U.S. military medical system, three internal audits reported.

The audits also found that emergency rooms of military hospitals often were staffed by unqualified personnel, that lax drug-dispensing systems allowed doctors to prescribe drugs for themselves or for friends, and that poorly supervised physicians' assistants sometimes gave improper care without bothering to refer patients to doctors.

The problems with military medical care have come to light as the Defense Department's top military and health officials focused renewed attention on the need to assure the quality of care dispensed in the military hospitals.

The most serious challenges to the Defense Department's medical system were raised by the three internal audits. These audits, by the Defense Department's inspector general, the Naval Audit Service and the Army Audit Agency, were completed last year and were made available this week by the office of Senator Jim Sasser, a Democrat of

Tennessee, who became interested in military medical care because of complaints from constituents.

At a meeting with the military and medical officials this week, Defense Secretary Caspar W. Weinberger "stated clearly and emphatically that he expects the quality of military health care to be of the highest possible standard," said Dr. William Mayer, assistant secretary of defense for health affairs.

The three audits found that doctors often were given credentials, or the authority to practice, at military facilities with little checking of their qualifications. The Pentagon audit, for example, found that letters of recommendation verifying the doctor's capabilities were not obtained in 84 percent of 461 cases reviewed. One hospital's credentials committee took only 40 minutes to recommend the authority to practice for 86 individuals, the audit found.

The army audit found that 362 of 366 doctors' files checked did not contain the required information on training and experience. As one result, two military doctors who had not obtained credentials at their previous assignments were granted full and unrestricted authority to practice at a new post, which had mistakenly assumed that

they had credentials. Similarly, the navy audit found two civilian physicians serving at one hospital had never been granted credentials at all.

Emergency room defects, a prime focus of previous audits, were found to be a serious problem. The navy's audit found that emergency room medical staffs often were not trained in emergency medicine or were of questionable competence. One patient died after an intern on duty in an emergency room discharged him despite tests with abnormal results. Another patient died because the emergency room officer was unskilled in managing breathing problems.

Health care is furnished by the military services in a variety of facilities, ranging from large hospitals such as the Naval Hospital in Bethesda, Maryland, which often treats presidents and other dignitaries, to small facilities in rural sites. The military employs both military and civilian doctors and cares for a mixture of active duty personnel, retirees, dependents and eligible civilians. The three audits concentrated on some of the more significant treatment centers.

All the audits said military health officials were taking steps to rectify the problems found.

N.Y. Pays \$600,000 to Wrongly Jailed Man

New York Times Service

NEW YORK — Seven years after his arrest, New York City has acknowledged that Charles Daniels was wrongly imprisoned for four years for the sexual attack and attempted murder of a 2-year-old boy. In an out-of-court settlement disclosed this week, the city agreed to pay Mr. Daniels \$600,000.

Despite witnesses who confirmed his alibi, Mr. Daniels was convicted and sentenced to prison for a term of six to 18 years. In prison, where child-sex offenders

are shunned by other inmates, Mr. Daniels was beaten, scalded with boiling water and, because of death threats, kept in virtual solitary confinement for four years.

In August 1982, a state appellate court unanimously reversed the guilty verdict and ordered a new trial. The Legal Aid Society, which represents indigent defendants, found that at the 1979 trial detectives apparently withheld evidence from defense lawyers.

The society said the detectives had known that a 10-year-old boy who was the only witness against

Mr. Daniels was under treatment as emotionally disturbed and was an unreliable witness.

Lawrence Halfond, the supervising attorney for the Legal Aid Society in Queens, and Mr. Daniels' current lawyer, Lawrence F. Spinn, said the newly discovered evidence indicated that the 10-year-old boy might have committed the sexual attack and contrived a cover-up story.

The office of the Queens District Attorney, John J. Santucci, agreed to dismiss the charges.

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Herald Tribune

Published With The New York Times and The Washington Post

Mideast Reality Lessons

While Ariel Sharon was battling to salvage something of his reputation in a New York courtroom this past week, Israel's cabinet voted to disown his war into Lebanon. To watch the swashbuckling general grope for vindication in U.S. libel law is theater, but the calamity he created should no longer be in doubt.

There are still defenders of the Israeli march to Beirut in June 1982, they take solace from the dispersion of the Palestine Liberation Organization. But no conceivable peace from PLO rockets or infiltrators can justify Israel's casualties since then — 607 dead, 3,500 wounded — let alone the immeasurable Lebanese losses. The advertised goal of "peace for Galilee" could have been achieved with only a few dozen casualties had Mr. Sharon and Prime Minister Menachem Begin kept their word and stopped after driving the PLO out of the border region. In fact, Galilee was their pretext for a farfetched purpose: to redesign Lebanese politics by force.

After defeating the PLO, Mr. Sharon tried to implant a Christian-led government in Beirut, drive out the Syrians, subdue the Moslem majority and dictate a lasting peace for Israel's northern front. He even thought this might break the Palestinian resistance to Israel's absorption of the West Bank and perhaps also frighten Jordan into accepting his peace terms.

What is wrong with waging aggressive war for peace? The fact that reality, if not morality, requires a balance of means and ends. Israel has the strength to defeat all attackers, but not to occupy foreign cities or to reorder even the weakest of Arab societies. Indeed, the Lebanese Shiites who at first welcomed liberation from the PLO came to resent Israeli occupa-

tion. And the Syrians, though humiliated in aerial combat, were much better placed to exploit Lebanon's tribal strife in order to block any accord with Israel.

The proper lessons for Israel have now been courageously drawn by Prime Minister Shimon Peres and a majority of his coalition — including David Levy, Mr. Sharon's rival for the future leadership of the Likud bloc. General Yitzhak Rabin, the new defense minister, has made plain why Israel's military and moral interests require retreat from Lebanon. Its army is demoralized by an impossible police mission. And the hostility of the Lebanese is a graver threat than the PLO ever was.

The United States, too, has much to learn from the Sharon adventure. It was negligent in not opposing his war plans and in later letting its "peacekeeping" force assume his political objectives. Once trapped, it invited further humiliation by sponsoring an unattainable coordinated withdrawal by Syria and Israel.

It took months for Washington finally to pull back and let the Lebanese, Syrians and Israelis struggle by themselves for an unarticulated accommodation.

Aggressive American mediation and other "initiatives" are all well and good when the parties truly want them, as at Camp David. And giving Mr. Sharon his day in a U.S. court demonstrates what peculiar bonds exist between his society and America's. The jury will determine whether to credit his charge of libel by Time magazine. But for Israelis, or Americans, to sponsor military and diplomatic interventions that defy realities in the Middle East is a truly grave offense.

— THE NEW YORK TIMES.

In Ethiopia, Vile Cynicism

The Marxist government of Ethiopia has illuminated with stark clarity where its priorities lie in the battle against famine. By impounding a 6,000-ton food shipment from Australia that had been intended for the needy in rebel-held areas, it shows it is concerned less with saving the Ethiopian people than with keeping itself in power. This was clear as no revelation to those who have followed the course of Ethiopia's revolution, but it is a stunning and shameful event all the same.

As it happened, a ship carrying Australian food first unloaded some of its cargo at an Ethiopian port and then prepared to move on to a port in neighboring Sudan. There it was to unload food provided by Australian voluntary agencies for transshipment to Ethiopian famine victims who live under the control of the Eritrean and Tigre liberation fronts. But while the ship was still in port in Ethiopia, its remaining cargo was seized.

The Ethiopian government, attempting to justify the seizure, suggests that the Australian action amounted to infringement of Ethiopia's sovereignty and interference in its internal affairs. That is a strange and farfetched construction to put upon an effort to feed a group of Ethiopians whose government is trying to starve them into submission. It is bad enough that the regime conducts a heartless policy against its own citizens. It is intolerable that it should attempt to make a foreign party, one acting out of humanitarian considerations, its accomplice in what comes close to being the practice of calculated genocide.

Foreigners are interfering massively in Ethiopia's internal affairs — but chiefly to the benefit of the Mengistu government. Its Soviet patrons, having made a rich contribution to Ethiopia's misery, have encouraged it to rattle the tin cup elsewhere. The regime is being kept afloat and spared the worst effects of its own bad policy choices and its own political errors by food and development aid from noncommunist sources. That means most of the aid is coming from countries or organizations that have not the slightest sympathy for the regime — quite the contrary — but which are prepared to overlook its flaws and concentrate on the overwhelming human need.

For the Ethiopian government to enforce a cruel political standard on the distribution of lifesaving food, while the people who are sustaining it have suspended political judgment of their own, is a vile inconsistency. Why would any donor want to ship further aid to a government that acts in that way?

— THE WASHINGTON POST.

Other Opinion

Mitterrand's Message

Perseverance is the message President François Mitterrand has left with his people as he flies to the Pacific to persuade the two incompatible communities in New Caledonia to agree to independence linked with France. The French opposition, already counting chickens they hope to see hatched at next year's general election, should look a little closer at this master of the game. There are no foregone political conclusions in France. Unpopular as the president is supposed to be, opinion polls have an awkward way of reversing.

— The Daily Telegraph (London).

If Oil Prices Keep Falling

What if the average spot market price of a barrel of oil continues to drop, say to about \$20 from the current \$28 per barrel? It would offer the United States an opportunity to impose a noninflationary tax on imported crude oil. Why do this rather than allowing consumer prices for oil products to slide even further? Because an import tariff on oil would maintain stable domestic prices for consumers and result in multiple benefits for the nation.

First, the tax would discourage Americans from slipping back into their gas-guzzling habits. Second, a tariff on imported oil would insulate business interests that are dependent on stable domestic oil prices — in particular, troubled U.S. banks with large loans tied up in oil rigs and other phases of oil exploration.

Finally, the revenues gained from the import tax would not create a hardship for consumers, since prices are falling.

— The Baltimore Sun.

Fury in a Polish Courtroom

What has emerged most clearly from the courtroom in Toron is the fury of the whole Fourth Department of the Interior Ministry — a department devoted to controlling and combating the Roman Catholic Church — at not being able to act against these so-called radical priests. In their diatribes against the Church, the defendants, all of the Fourth Department, spoke with genuine hatred. It is a sobering thought that one of them was responsible for security arrangements during the pope's visit in 1983. If General Wojciech Jaruzelski is to regain any serious confidence with the Church, let alone with public opinion, he will have to abolish the Fourth Department.

— The Times (London).

Belgium's Missile Debate

Belgium currently has the questionable honor of being the weakest link in the Western alliance. It is strange to see that governing parties are ready to offer Moscow freely what should be negotiated in Geneva. It is bad policy to weaken U.S. negotiators, our own allies, beforehand. It is bad policy to do this to please the electorate.

— Gazette van Antwerpen (Antwerp).

Bolstering Economies for Security's Sake

By Robert D. Hormats

frustrations and intensify anger over foreign subsidies and restrictions on U.S. goods and services.

Because of high unemployment, Europe is extremely sensitive to action against its exports. And Europeans argue that arms trade is not a "two-way

A renewed decline in European growth would likely lead to major cuts in defense budgets.

street," because the United States buys relatively few weapons from them while they buy large amounts from the United States.

A trade war, or a series of major skirmishes, would — in addition to doing incalculable economic harm — widen divisions among the United States, Europe and Japan. Moscow, not surprisingly, has sought to capitalize on such divisions. Presidents Kennedy and Nixon understood this: both initiated negotiations with other Western nations to resolve trade issues while undertaking major arms talks with Moscow.

The West has worked diligently to achieve consensus on an arms control strategy. It must do the same on economics. A Western approach to broadened recovery should not be predicated solely on vigorous American growth and reduction of the U.S. budget deficit — although both are vital components. America's partners must make a contribution. For example, a commitment by others to follow the reduction in U.S. interest rates that would come after a cut in the U.S. budget deficit by a similar top in their rates would improve their growth prospects and help increase exports by the United States. A number of stimulative actions

abroad need not await decisions by Washington. Europe needs to make other tough decisions. For example, it must lower internal barriers that have denied its industries a large integrated market, and it must cut high marginal taxes; both would stimulate growth.

And the Western nations need seriously to address relationships among currency misalignments, large capital flows and trade imbalances.

The trading system should be overhauled. To begin with, industrialized and developing nations must give the capacity to, first, reconcile disputes when these are not covered by the strict rules of international trade law; and, second, insist upon and monitor domestic adjustment measures. They must reduce the myriad distortions imposed over the last decade, resolve basic trade problems (in agriculture, investment and services) that were not successfully dealt with in the last negotiation.

This may be a 10-year agenda. But unless the process begins soon, frictions are likely to grow. It is important that leaders put this subject high on their agendas, along with recovery and security issues — for it substantially affects both.

The relationship between economic and security issues requires greater attention at economic summit meetings. Defense capabilities are directly related to growth, which is directly connected with trade, monetary and interest-rate issues. Purchases of defense equipment must be part of the equation.

Maintaining adequate security and conducting successful arms negotiations will be difficult without healthy growth and substantial economic harmony among the allies. As the West moves toward arms talks, it must come to grips with these linkages so that its economic and security goals are mutually reinforcing.

The writer, an economics official in the last four U.S. administrations, is a vice president of Goldman, Sachs & Co., investment bankers. He contributed this comment to The New York Times.

In Europe, A Timetable For Division

By Philip Geyelin

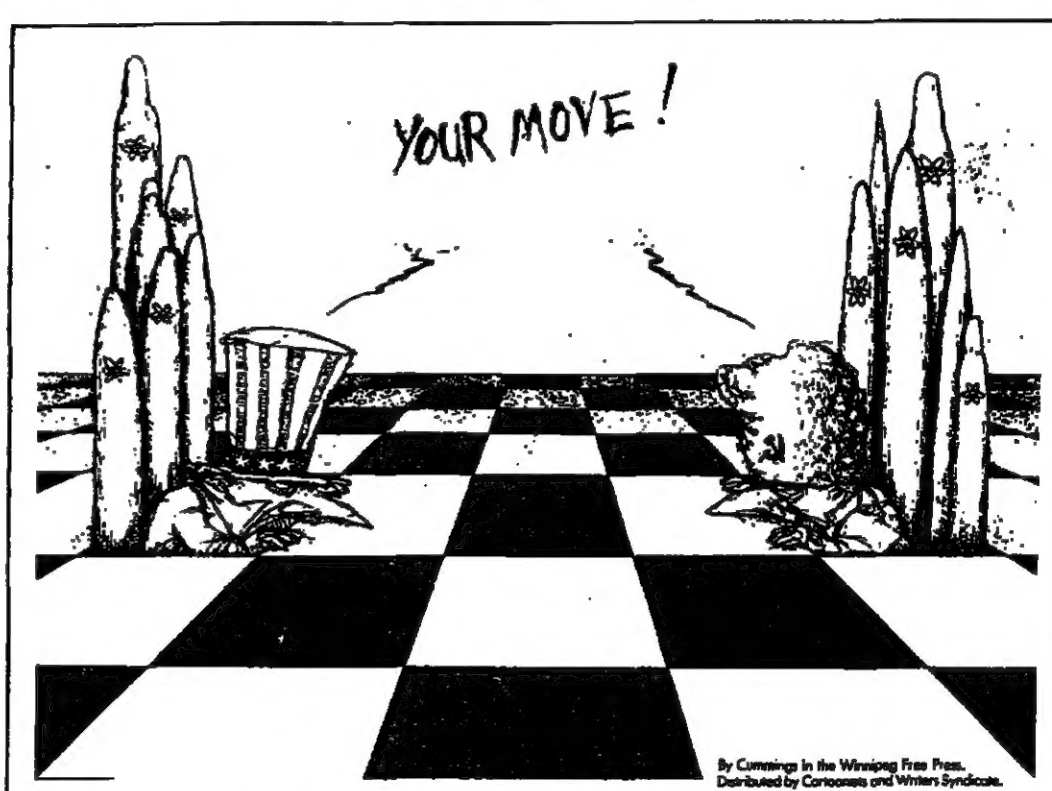
BRUSSELS — All things being relative, from a European perspective, President Reagan has good reason to relish his re-inauguration. Only Prime Minister Margaret Thatcher, among the leaders of the Western alliance, has as firm a grip on four more years. That is the upside for a second-term American president with an eye to history and to a lasting imprint on peace in his time.

For this, he will obviously be at the mercy of the coincidence of Soviet interests with his own. But Soviet interests, in turn, will be shaped by the Kremlin's perception of the needs and flows of political tendencies in Western Europe, where the East-West confrontation is most directly concentrated and most acute.

By happenstance, European election timetables have combined with the slide from grace of incumbent government heads and/or ruling political parties and coalitions to produce the prospect of a collective condition: intensifying public debate, with a potential for more than the usual ferment and discontinuity.

A serious message that arises from all this has to do with the renewal of across-the-board arms negotiations between the United States and the Soviet Union and the heavy handicap imposed upon Western societies in their dealings with a closed communist system not subject to the fickle fidelity and changing commands of public opinion.

Even those Europeans who were loudly applauding a second Reagan term are beginning to return to worry-as-usual about the continuity of U.S. policy. The European press has been quick to pick up on the implications of the Reagan administration's job changes and departures and the ebbing away of power from a lame-duck president. Mr. Reagan's own party, it has been duly noted, is already looking ahead to congressional elections in 1986 and beyond.



As a result, support grows for treating the budget deficit by cutting defense spending in the interest of sparing popular domestic programs. Leaving aside the direct effect this could have on U.S. bargaining positions in the arms-control negotiations, there would be indirect effects as well. If the United States winds up doing less than expected in its own defense, it will be in a poorer position to press for burden-sharing by European countries whose unemployment averages over 11 percent. At this point, a chain reaction sets in.

European backsliding, if that is how it turns out, works to support any renewed effort in Congress to begin cutting back American troop levels in Europe by way of forcing the alliance partners to shape up. The politicians at NATO headquarters here insist that the threat of U.S. troop withdrawals would have the opposite effect of encouraging latent nationalist inclinations.

Resisting this sort of retrogressive, trans-Atlantic interaction would require strong leadership all around.

But that is not the way the European political stage is set. Recent British polls show a four-point drop in approval for the Thatcher government, to 40 percent — a reminder that under Britain's particular electoral rule the great Thatcher re-election landslide two years ago produced a mammoth Conservative majority in the House of Commons out of all proportion to the vote. That support for the Thatcher government has held relatively steady at that level since 1983 is much less a measure of her sure hand than it is of the almost limitless capacity of her splintered opposition to self-destruct.

In France, President François Mitterrand's Socialist government is barely ambulatory, and could become a basket case 15 months from now if it loses control in parliamentary elections. And with elections only a couple of years away, the limp leadership of West Germany's Chancellor Helmut Kohl is already vulnerable to economic unrest, the rise of the radical Greens and a Watergate-style scandal that could reach high up into his government.

Normally, Belgium might not rate mention on the critical list. But Belgian elections are due before the end of this year and already the dominant issue has become Belgium's adherence to its commitment to allow the deployment of 48 U.S. cruise missiles in the absence of a U.S.-Soviet agreement to control the numbers of intermediate-range nuclear missiles on both sides. Should Belgium renege, it could reinforce second thoughts in the Netherlands.

Checking off these European political timetables over the next few years, it occurs to more than a few European analysts that Soviet leaders, slow enough by nature to move on arms negotiations, will have all the more incentive to hang tough and bide their time. Allied divisions and dissents, they could reasonably hope, are more likely than not to build pressure for U.S. concessions as time runs out on Ronald Reagan's rendezvous with destiny.

Washington Post Writers Group.

A Bloodbath After the Israelis Leave? Probably Not

By G.H. Jansen

NICOSIA — Israel has decided to pull back to the old frontier with Lebanon, and the Lebanese (not to mention their Syrian backers), are jubilant. They believe the main cause of the Israeli "defeat" was the losses inflicted on the occupier by "the national resistance struggle" of the people, mostly Shiites, of southern Lebanon; and they note that Lebanon has paid no price, either military or territorial concessions.

The Lebanese now ask whether the Israelis will get out swiftly and with clean hands. The Israelis have been expressing grave misgivings that there will be widespread intercommunal killings in the areas they leave, as happened between the Maronite Christians and the Druze in the Chuf mountains in September 1983.

But the Lebanese are not as fearful as the Israelis profess to be. There are few Druze in the western coastal sector of the south and few Maronites in the eastern sector in the Bekaa Valley. Also, the Shiites are so large and united a community that a much smaller minority would challenge them at its peril; and the national resistance in which the non-Maronite Christians have, belatedly, played a part, has taught the southern Moslems and Christians the value of co-operation and coexistence.

Lebanese fears have also been mitigated by statements that Israel wants an orderly withdrawal and by the fact that the five-week pullout deadline should allow sufficient time for security dispositions to be made (which was not the case in the Chuf). Israel has also said that its surrogate force, the South Lebanon Army, will move with it back across the Litani River. That would be a pacifying move: The mostly Maronite South Lebanon Army in itself causes conflict with the Shiites and encourages the Maronite enclaves to be defiant.

The Lebanese are resigned to the fact that there will be individual revenge killings. Such killings have already started and have greatly in-

creased since November. Most of the victims have been Maronites, especially the members of the so-called civil guard. The hope is that these men will also disappear southward with their Israeli backers.

The Israelis have recognized their responsibility to the Maronites and

cal Sunai militia and the Shiite Amal militia. But without the Maronites, the Sunnis and Shiites should be able to reach accommodation in Sidon.

The third danger point is the string of Maronite villages, some of them strongly pro-Israeli, along the road from Sidon to the Christian stronghold of Jezzine. Here again defiance could be suicidal. However, "defiance" has been the battle cry of the Christians in Jezzine, about 20,000 in all, two-thirds of them Maronites.

Jezzine, the fourth flash point, has been, under the Israelis, more pro-Israeli and opposed to the Beirut government than even Marjayoun, the headquarters of the South Lebanon Army, a town whose population is mostly Greek Orthodox. Some political militants in Jezzine have spoken of retreating to Marjayoun, which the Israelis will protect to the last, but this will not be possible for most of Jezzine's people.

The two other militias in the south are those of the Palestinians and of the communists. Both are small, and the Palestinians are for the most part confined to their refugee camps. Both militias are operationally integrated with Amal and neither would have any interest in stirring up intercommunal violence. Amal leaders have said repeatedly that they will not permit Palestinian guerrillas to make any move toward the Shiite population by attacks on Israel.

The Israelis intend to install the South Lebanon Army in a narrow security belt along the frontier that was occupied by an earlier surrogate force, the militia led by Saad Haddad, before the invasion. So even this return to the prewar status quo is not a gain from the Lebanese operation. What it will be is a continuing challenge to the national resistance, which will go on attacking it — not a situation calculated to bring about harmony in the south.

Even if the Lebanese Army and

gendarmes return to the areas evacuated by Israel, the really effective peacekeepers can only be the Amal militia. Unifil, the United Nations force in Lebanon, lacks the mandate, the capacity and the will to be an effective police force, either between communities in southern Lebanon or between Lebanon and Israel.

The longer-term danger for Lebanon is that if the government in Beirut does not quickly restore the central administrative structure in the evacuated areas, the vacuum would be filled by Amal, so that the south would become a Shiite canton, as happened under similar circumstances with the Druze area of the Chuf. The Lebanese themselves would then be implementing the basic Israeli plan to cantonize Lebanon.

The writer has covered the Middle East for many years. He contributed this view to the Los Angeles Times.

LETTERS TO THE EDITOR

Skepticism on China

Regarding "China Under Deng: A Practical Path" (Dec. 28):

China's move toward a more capitalistic economy has been so enthusiastically welcomed by most journalists that they appear to have ditched, at least temporarily, healthy skepticism. Christopher S. Wren cites reports of farmers who have amassed sums up to \$100,000, or who have bought crop-dusting planes, pianos or computers. Such reports appear somewhat implausible.

ILYAS BAKER, Bangkok.

It's Really S.C.O.F.F.

Regarding the debate on the word "scoff" (William Safire's "Language" column, Jan. 7), my dictionary assumes the slang use of the word to be a

verb transitive meaning "to devour," the noun is an "affect of scorn." They also say the word came from the Afrikaans word "skoff."

However, I remember reading in a children's encyclopedia (circa 1920) that the word "scoff" originated among the British troops in the Boer War. It appears that when the food wagons arrived at the front lines each crate bore the address: Senior Catering Officer, Field Forces.

J.W. HEMMINGWAY, London.

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FROM OUR JAN. 19 PAGES, 75 AND 50 YEARS AGO

1910: A Western University in China?

LONDON — An educational institution created through international co-operation and efforts of leading colleges and universities of the world, denominated neutral and designed to realize in China the highest elements in Western thought while conserving all that is best in the old Chinese culture — these are the fundamentals being advanced under the "Oxford-Cambridge scheme" for a university in China. J. Leslie Johnston, of Magdalen College, said: "All who know the Far East report that China is 'awakening' to Western ideas with a startling rapidity. There is an immense demand for advanced university education in Western knowledge. Western schools and universities are being founded, but for want of qualified teachers, few are as yet efficient."

1935: Roosevelt Approves a Dirigible

WASHINGTON — Plans for construction of a dirigible bigger than the new super-Zeppelin now being built in Germany for trans-Atlantic service have been approved by President Roosevelt and soon will be submitted to Congress. The proposed American airship has been recommended by the Federal Aviation Commission and would cost \$5,000,000. It would be built by the government and leased to a private company which is co-operating with the projected Zeppelin lines. Dr. Hugo Eckener, veteran Zeppelin commander, recently announced a Zeppelin service to be inaugurated this summer between the United States and Europe. Pan-American Airways also plans a fast plane service between the United States and Europe at about the same time.

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U.S. Rules Out Arms for Cambodians

Aide Says Involvement Would Impede Dealing With Hanoi

By Barbara Crossette
New York Times Service
BANGKOK — Washington's highest-ranking official on Asian affairs on Friday ruled out arms assistance to Cambodian guerrillas, saying that U.S. military involvement in the Cambodian civil war would only make negotiating with Vietnam more difficult.

Speaking at a news conference at the end of a three-day visit to Thailand, Paul D. Wolfowitz, assistant secretary of state for East Asian and Pacific affairs, said he continued to hope that Hanoi would agree to discuss a political solution in Cambodia. Vietnam has 160,000 to 180,000 troops in Cambodia battling three resistance groups.

On Thursday, Thailand's foreign minister, Siddhi Savetila, said Thailand was pressing the United States to join the Association of Southeast Asian Nations, or ASEAN, and China in giving military assistance to Cambodian guerrillas. Guerrillas of the non-Communist Khmer People's National Liberation Front, one of the three Cambodian resistance groups, have been under heavy Vietnamese attack since mid-November.

On Friday, Mr. Wolfowitz, who has been attending a southeast Asian regional security conference and meeting with Thai leaders, said: "We have for a long time been providing political and humanitarian support for the non-Communist resistance, and will continue to do so." But military support, he said, "should not be an American role; it is best undertaken by others."

He added: "It bears repeating — one can't say it often enough — that we give no support of any kind

to the Khmer Rouge." He said that Washington had told China "repeatedly" that the Khmer Rouge, which is supported by China, could have no part in a political solution for Cambodia.

Remnants of the Communist Khmer Rouge, which ruled Cambodia in a reign of terror from 1975 until January 1979, when the Vietnamese captured Phnom Penh, are the largest of three groups that are loosely allied against the Vietnamese-backed government in Phnom Penh. The Khmer Rouge group has about 30,000 trained fighters.

The Khmer People's National Liberation Front, under the political leadership of a former prime minister, Son Sann, has about 15,000 guerrillas. The third group, also non-Communist, includes about 5,000 armed followers of Prince Norodom Sihanouk, a former head of state and government.

Hanoi has insisted that no political solution is possible in Cambodia until the forces of Son Sann and Prince Sihanouk break with Pol Pot, the Khmer Rouge leader. Vietnam has also demanded that China and Thailand stop aiding the Khmer Rouge guerrillas.

Mr. Wolfowitz said Vietnam's recent attacks on the non-Communist Khmer People's National Liberation Front showed that "their claims that they are in Cambodia only because of the Khmer Rouge are very hollow claims indeed."

"They have dealt themselves a political and propaganda setback because their actions have strengthened bipartisan support in the United States for our policy," he added.

He said that U.S. policy was to back ASEAN, whose strategy was "to present Vietnam with a very clear choice: to continue its efforts to achieve a military solution or to accept a political settlement that would not only serve the interests of the ASEAN countries and the Cambodians, but would also protect Vietnam's security interests."

"We feel," Mr. Wolfowitz said, "that the chances of a political set-

tlement, as small as they may seem, would be larger if the United States is not involved in a military role."

Vietnam Sees Victory

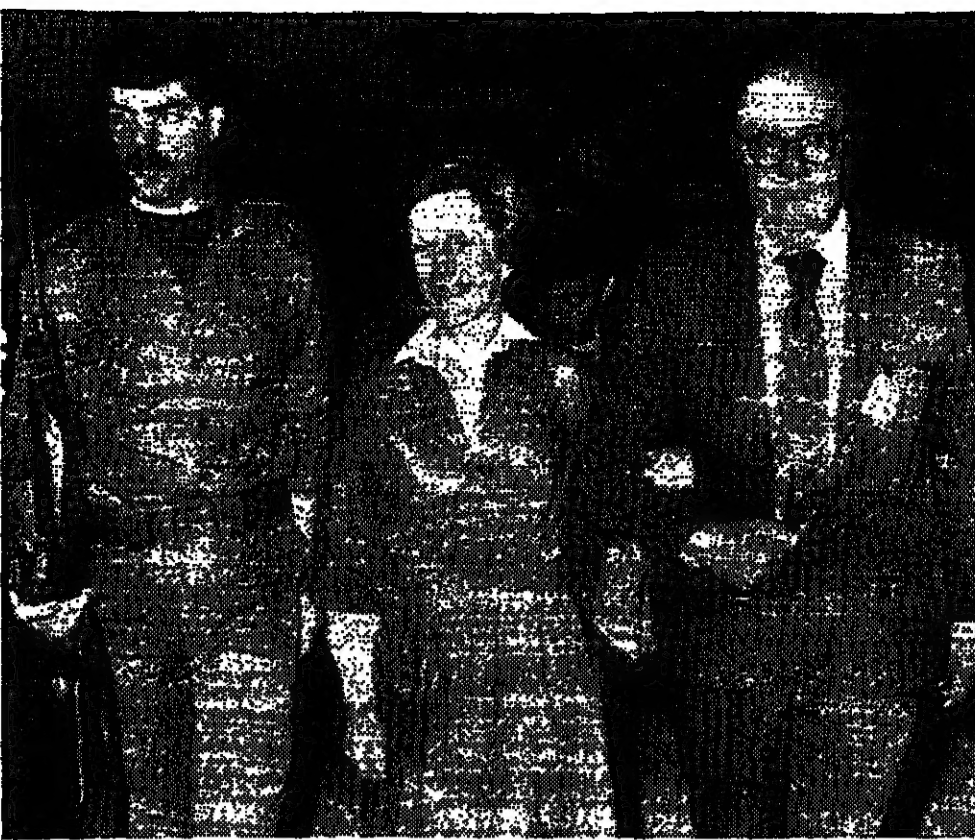
Vietnam and its two Indochinese allies agreed Friday that the conflict in Cambodia would eventually turn in Vietnam's favor, even if no political solution was reached, Agence France-Presse reported from Ho Chi Minh City.

"Within five to 10 years' time the so-called Cambodia problem will of itself be settled regardless of the absence of a negotiated solution," the Indochinese foreign ministers said in a communiqué ending a two-day meeting here.

In an apparent change in its policy toward ASEAN, the Indochinese group also said: "The Cambodia issue is not a problem between ASEAN and the Indochinese states."

The foreign ministers of Vietnam, Laos and the pro-Hanoi government in Cambodia emphasized their desire to develop ties individually with the ASEAN states.

Some analysts said that the Indochinese group has previously called for a bloc-to-bloc "dialogue" with ASEAN.



Mrs. Malcolm Kerr, flanked by a bodyguard and the new president of the American University of Beirut, Calvin Plimpton, leaving a memorial service Friday in Beirut for Mr. Kerr, the head of the university who was assassinated in his campus office a year ago.

Can the Violence in Beirut Get Any Worse? It Has

(Continued from Page 1)

which means Hope, is not an ordered, disciplined organization, but a rather amorphous movement, difficult to control and discipline. Further, Amal's leader, Nabih Berri, who is regarded as a responsible moderate by most Western diplomats, is himself under challenge among Shiites, both from the ranking Shiite religious leader, Sheikh Mohammed Mahdi Shamseddin, and from the fundamentalist movement, Hezbollah, or Party of God.

Hezbollah appears to be the most rapidly growing movement in West Beirut, partly because of the displacement of Shiites from the south, a consequence of the Israeli occupation.

The second major factor, which could become increasingly important, is the impending collapse of the Lebanese economy. The long-stable Lebanese pound, which had held at 4 to the dollar after the Israeli invasion and a little over 5 at the beginning of last year, briefly hit 10 this past week, sending shudders throughout the country.

The decline of an economy that kept much of the country wealthy, albeit largely illicitly, banking sources said, had two external causes. The oil glut ended the boom years in Saudi Arabia and the Gulf, as well as the jobs of tens of thousands of Lebanese expatriates who sent their money home.

And in the days before the 1982 invasion, other Middle Eastern

countries used to pump in a kind of foreign aid for political factions, militias and protection money that amounted, according to a banker, to \$100 million a month. This has been drastically cut.

Apart from political attacks, there is a crime wave gripping the city. Militias and individual gunmen shake down merchants for protection money and plant bombs if they do not pay up.

But for many in West Beirut, it was the bomb at Smugglers Inn that symbolized the grimness of the situation. Throughout the next day they gathered silently under a leaden sky on Makhoul Street, a narrow lane in the business district, to stare at the wreckage.

"For me, blowing up Smugglers

is the last straw," said a young woman whose Maronite Catholic family has stuck it out in West Beirut through all the last 10 years of trouble.

"Before, even when things were terrible, you thought they might get better," she said. "Now, there is just no hope. Smugglers Inn — I first went there when I was 14, I used to go there all the time."

The official Soviet media frequently attack Zionism as an imperialist and racist doctrine which they link to Israel and U.S. supporters of Israeli policies. But Western diplomats in Moscow said there appeared to be no particular reason for the timing of the Tass article.

Tass said that Mr. Korneyev, 55, had written several books on Zion-

Tass Alleges Zionists Were Nazi 'Partners'

Reuters

MOSCOW — The Soviet press agency Tass published allegations on Friday that Zionists had been "partners" of Germany's Nazis and shared the blame for the deaths of millions of Jews during World War II.

A Tass interview with a Soviet historian, Lev Korneyev, said that Zionists had helped Adolf Hitler during his rise to power and, by implication, it linked the Nazis with current Israeli policies.

The agency quoted Mr. Korneyev "in conversation with a Tass correspondent" as saying that Zionists had tried to prevent Jews fighting the Nazis.

The Zionists subsequently sought to conceal their "alliance with Nazism," but still had contacts with neo-Nazis, he said. Tass quoted Mr. Korneyev as saying that many Jews had fought against Nazism in the Soviet and Allied armies.

"But the Zionists, the Nazis' partners, did not have anything to do with that sacred struggle," Mr. Korneyev was quoted as saying. "Conversely, they share with the Nazis responsibility for the extermination of Jews during World War II. They have the blood of the victims on their hand and on their conscience."

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Tass said that Mr. Korneyev, 55, had written several books on Zion-

ism, including "Israel: Myths and Reality" and "Class Nature of Zionism."

Mr. Korneyev said that a Jewish-owned bank in Amsterdam loaned Hitler \$10 million in 1929 and a Cologne-based banking house, also owned by Jews, had discussed with the Nazis their "final solution."

That phrase was used to describe the attempted genocide, under which an estimated six million Jews were put to death, in territory occupied by Nazi Germany during the war.

"Banks and companies controlled by Zionists energetically contributed to the financing of the Hitler Reich and the Nazi war machine," Mr. Korneyev said. "Many of those banks and companies today constitute the bulwark of international Zionism and support Tel Aviv's course of aggression."

According to Tass, Mr. Korneyev said that Israeli propaganda sought to reduce the history of World War II to the attempted extermination of European Jews.

"It is claimed that the extermination of Jews was the main aspect of the policy of Nazism and that all the peoples of the world 'betrayed' the European Jews," it quoted him as saying.

"This amounts to a gross distortion of real historical facts," Tass said. "The main aspect of Nazi policy ... was the struggle against socialism, against the Soviet Union."

The Soviet media have tended to play down the role of other Allied powers in World War II and have presented the war largely as a struggle between the Soviet Union and Nazis determined to crush Moscow.

Hurricane Kills 14 in Fiji

The Associated Press

SUVA, Fiji — A hurricane with winds of more than 115 miles (186 kilometers) per hour killed at least 14 persons Thursday night on Fiji's main island of Viti Levu, officials said.

"We feel," Mr. Wolfowitz said, "that the chances of a political set-

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ARTS / LEISURE

A Flair for Fakes: Miró Expert Dashes a Few Hopes

By Douglas C. McGill
New York Times Service

NEW YORK — With appropriate care, a visitor laid a \$50,000 Miró on the floor in front of Jacques Dupin last week. With a piercing gaze, Dupin scrutinized the painting's colors, its signature, its composition, its brush strokes.

"It's a fake," he quietly declared. "It's not even a very good fake. It's terrible."

Dupin is an expert at detecting fake prints, drawings, paintings and sculptures done in the style of Joan Miró. Miró was one of the world's most widely copied artists at the time of his death in 1983, and the number of fakes has since risen, said Dupin, a longtime friend of the Spanish artist. He estimated that several hundred fake Miró paintings and several thousand fake prints and lithographs are owned by collectors and dealers around the world.

Last week, auctioneers and collectors who questioned the authenticity of Miró works ranging in value from \$5,000 to \$75,000 — if genuine — took advantage of one of Dupin's rare visits to the United States to submit their works to his expert eye.

"When the fake is good, my job is interesting," said Dupin, who received his visitors at the Manhattan branch of Galerie Maeght Lelong, whose Zurich and Paris galleries handle Miró's works. "To tell a good fake is like solving a crime. A good fake is made with intelligence and sensitivity, by an artist himself. But no crime is ever perfect. There is always a clue."

Dupin, who is also a poet and a director of Galerie Maeght Lelong in Paris, has authenticated Miró works for nearly 30 years. He has also written a book on the artist's work, and since Miró's death has been the only person empowered by the artist's family to authenticate Miró works.

His session with John Kuhn, of the Milwaukee Auction Galleries, was typical. The work shown by Kuhn belongs to a collector from the Midwest who acquired it in a trade with a Texas art dealer for two small paintings by Marc Chagall. The work was a colorful, tan-

gled splash of knobbed tendrils and exploding stars, painted in oil on thick cardboard.

Documents that accompanied the painting said the Dallas Museum of Art had authenticated it and Christie's auction house had appraised the work at about \$50,000. The collector who owned the painting wanted Kuhn to auction it.

After the painting was unwrapped, Dupin gazed at it quietly for a few seconds. He picked it up, peered at the signature, turned it over and knocked on the back. After a minute, he put down the painting and shrugged.

"Everything is wrong with it; it is impossible not to tell it is fake," he said. To start with, he said, the painting was made on a kind of board that Dupin knew Miró had never used. The documents with the painting gave the work a title, "Festival de L'Unité et l'Aube," but it was not written on the back of the painting, as Miró did with titled works.

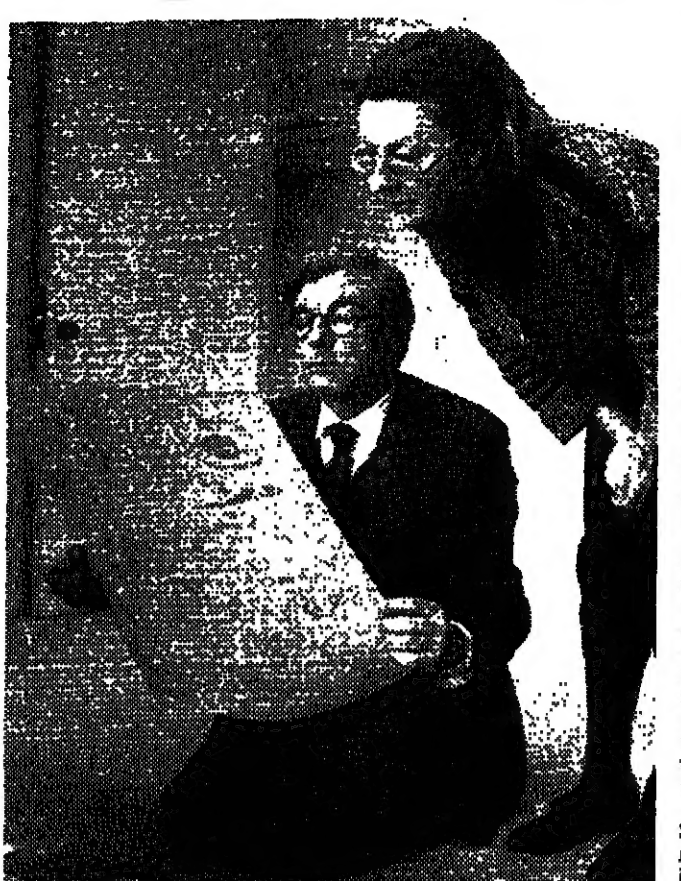
The signature, a neat and tiny "Miró" scrawled in the lower right corner, was meticulously executed, but in a style that Miró used in the 1920s, while the style of the painting was the Miró of the 1970s.

But most telling, Dupin said, was that the colors were flat, the brushstrokes unsteady and the composition feeble.

"I knew right away it was a fake," Dupin said. "I've been looking at Miró for more than 30 years, and it's almost a physical reaction that I get. When Miró made a drawing, it came from within himself. But the fakes are made from the exterior, with no other necessity except for money."

He said the papers that accompanied the painting were also fraudulent. The Paris art dealer listed as the original seller of the painting was unknown to Dupin, and he said a line or two of French supposedly written by the Paris dealer was a direct translation of an English phrase.

A spokesman for Christie's said the auction house might have appraised the work from a Polaroid photograph. He added that an appraisal was not an authentication, and that appraisals were always prefaced with the phrase "If the



Jacques Dupin and his wife, Christine, checking a Miró.

work is authentic." A spokesman for the Dallas Museum of Art said that museum officials had never heard of the painting, and that in any case their policy was never to appraise works.

Kuhn said the painting might still be auctioned. "I'll take it back and tell the owner it is a fake," he

said. "But he might still decide to auction it, because some people enjoy collecting fakes."

Dupin said that in France he was empowered by law to ask the police to confiscate a painting he believed was a fake. Later, he would be required to demonstrate the work's fraudulence before a judge, who, if

convinced, might impound the work or destroy it.

Last week's other authenticating sessions were more successful than Kuhn's. For example, five pastel and ink drawings brought to Dupin by John Steinert, from Christie's modern painting department, were deemed original Mirós. Some of these works contained signs that had made Christie's experts doubt their authenticity. A pastel and ink drawing, for instance, contained visible erasures, while an ink drawing had pencil lines throughout.

"Miró did those," Dupin confidently said. "It's no problem. The works are good, and very pretty." Although a document that accompanied one of the works misspelled the name of the previous French owner, Dupin decided it was merely a typing error.

Dupin's skill is largely based on his personal knowledge and connoisseurship of Miró's works. A wide range of technological methods, including pigment analysis and specialized dating techniques, is sometimes used to authenticate art. But the costs of these methods, Dupin said, limit their use mainly to older European masterpieces whose prices are many times higher than those of Miró's works.

While not as widely copied as Salvador Dalí, Miró is one of the most frequently faked artists, ranking perhaps with Picasso in this respect, Dupin said.

"Miró seems easy to fake, but he's not," he said. "The forms are simple, but the technique is not. It is almost impossible to copy him."

During the artist's lifetime, Dupin said, Miró knew that his work was widely faked, but it never concerned him. "He looked into the future, not the past. If he saw a fake that was very bad, it didn't worry him. His problem was always how to make his next painting."



Art dealer Heinz Berggruen, far right, with Pablo Picasso, far left, next to one of his sons, Paul Picasso, daughter Paloma Picasso and some bullfighting friends at Mougins in 1960.

Heinz Berggruen: France Honors Dealer With Instinct for the Rarefied

International Herald Tribune

PARIS — Early this month, those Parisians who scrutinize the yearly list of honors published in the Journal Officiel and daily newspapers noted that a Heinz Berggruen was among the *chevaliers de la Légion d'Honneur* promoted to officer.

This distinction tends to be reserved for outstanding military actions and achievements in the national interest. Berggruen, however, is one of the world's top five dealers in Impressionist and Modern Masters. He is German.

spends much of his time in New York (where he operates from the splendid suite he owns in the Carlyle) and is technically a Swiss resident.

His ties with Socialist France seem tenuous. Last June he donated 12 paintings, 68 watercolors and

SOURIN MELIKIAN

10 drawings by Paul Klee to the Metropolitan Museum of Art in New York, making it the second largest repository of Klee's oeuvre after the Kunstmuseum in Bern, where Klee was born. But that is a source of satisfaction for the United States, not France. The connection must therefore be sought in the 35 years Berggruen spent in Paris as a dealer. True, those 35 years contributed not a little to Paris's modern art scene, but this still leaves it all a bit mysterious, as no French dealer, let alone any other foreign one, has ever enjoyed such a promotion on cultural grounds.

Berggruen left his native Berlin in 1932 at age 18 to get an art degree from the University of Toulouse in southern France. After graduating with the equivalent of a master of arts degree, he went to California to complete his studies. He soon found himself writing avant-garde plays, flirting with journalism as an art critic for the *San Francisco Chronicle* and getting a taste of museum life as assistant director of the San Francisco Museum of Art (later the Museum of Modern Art).

War broke out. He was drafted into the U.S. Army, spent some time in occupied Germany as assistant editor of a German weekly, *Heute*, published under U.S. control — Berggruen was "assimilated" to the rank of lieutenant colonel — and then made a beeline for Paris, the capital of modern art. There he got a job with the United Nations Educational, Scientific and Cultural Organization as "deputy head of fine arts."

"All we did was write memos from one department to another," he recalled in a recent interview. "Art was not in sight. I quit." A literary-minded art lover, he opened a shop on the Place Dauphine selling rare books about art. His next-door neighbors, promising young film actors named Simone Signoret and Yves Montand, needed space. They bought him out, after much arguing, for what was then the equivalent of about \$2,000, a small fortune in 1947 Paris. He moved to 70 rue de l'Université in the 7th *arrondissement* and life changed rapidly.

His selection of rare books on art improved and his catalogs acquired a rarefied touch, with bold layout and original lithographic plates. The next step was engraving. His first art exhibition in 1952 was called "Paul Klee. 24 gravures." It was the very opposite of a commercial show. At the time, engravings were an art form restricted to small groups of connoisseurs; the more avant-garde, the more restricted the group. To Berggruen they were essential. They still are. "These engravings are just as important as paintings," he said, leafing through the catalog of 33 years ago, with its unusual layout and bold, very German typography.

Berggruen could hardly be taxed with pandering to the masses. In 1952 he put together the first exhibition of Matisse's cutouts, or *papiers découpés*. In 1955 he had a show of Cubist *papiers collés* by Henri Laurens. His most daring coup, also in 1955, was perhaps his Kurt Schwitters exhibition. With Berggruen's typical instinct for the rarefied within the rarefied, the title of the exhibition was "Colages." His French choices were

equally unfamiliar to the general public. In 1963 few people could be bothered about the Cubist drawings of Henri de la Fresnaye.

You do not make money from cheap and unusual art. Fortunately for him, Berggruen got involved in painting at an early stage. He likes to tell the story of his first picture, Picasso's 1917 portrait of his first wife, Olga, dressed as a ballet dancer, "L'Italienne."

Berggruen was approached in 1955 by a runner, or middleman, who told him about "L'Italienne," which was for sale in New York at \$40,000. It belonged to Georges Wildenstein, the multimillionaire dealer in Old Masters and Impressionists. "Wildenstein never cared for Picasso, although for a short while he had a joint contract with Paul Rosenberg about his pictures," Berggruen said. The runner was persuaded to have the picture shipped to France. Berggruen went to Wildenstein's, saw the painting and decided at once to buy it, though he did barely had the money and certainly not the space to store it in his gallery.

"I was young. Having bought it, I naively asked Wildenstein if he would display it in his grand salon, where he presented his expensive masters. When he agreed, I wrote to Georg Schmidt, director of the Kunstmuseum in Basel, whom I knew by name, to tell him about the Picasso. He said he was coming at once. We went to Wildenstein's together and as we were standing in front of 'L'Italienne,' the sliding doors separating the grand salon from Wildenstein's office opened slightly and there was the great dealer peeping at Schmidt. He strode in, ignoring me completely, and cordially greeted him: 'Welcome to my gallery, Schmidt. You can't really like that Picasso, can you?' 'I do,' Schmidt coolly answered."

The museum did not have the money but Schmidt said he would come back with the collector Emil Georg Bührle. Bührle bought the work forthwith, for \$60,000.

Alfred Barr, then director of the Museum of Modern Art in New York, was another patron. "After he had been to my gallery once, he never made the trip to Paris without stopping by. My gallery was the off-beat place to go in art. The MOMA had no money either, but Barr introduced Berggruen to the great U.S. collectors, such as Dominique de Menil in Houston — she bought a Matisse cutout from his 1952 show and became an addict — and Nelson A. Rockefeller.

Berggruen became an institution. In 1972 he donated 12 Klee's to the Musée National d'Art Moderne. He published major books. The two-volume *catalogue raisonné* of Juan Gris by Douglas Cooper and Marguerite Potter is probably the ultimate in this line. *Recording Errors of Fact* on dimensions, medium and so on — invariably, crop into such mammoth works, but none appears to have been detected in this one. Cooper insisted, on having a section on fakes. They are fully catalogued with references to the great collections they once graced, major museum shows where they have been displayed, and important auctions at Sotheby's, Christie's or Drouot where they were sold. This is a great art-market lesson to the new investors eagerly lining up to buy "Highly Important Masters" on the strength of a catalog description.

Early in 1980, Berggruen left his gallery in the care of Antoine Mendharat and retired to New York.

Why New York? "That's where the action is. I am 71 but I am not going to resign. I want to participate in this exciting game called the art business." He still has an apartment overlooking the Luxembourg Gardens in Paris. "When a place has been your normal way of life for 35 years, you can't just do away with it," he said. His love for Paris is unmistakable.

But then comes the confession: "There are too many frustrations here. It has become impossible to negotiate important works. People are paranoid about it. They think they will have 20 tax collectors running after them. You cannot take a thing out of the country. Even if you get permission to do so, it takes months. In America, there is a free flow of works of art. This afternoon a friend called from America to say that a major collector is prepared to part with a major Cézanne. It is unthinkable here."

Paris Shop Specializes in Theater, Novelty Canes

By Michael Gibson

PARIS — Miguel and Gilbert Segas sell walking sticks. At any given time they have more than 700 of them (mostly of the 18th and 19th centuries) in their little shop in the Passage Jouffroy, just off the boulevard near the Hôtel Drouot.

Their walking sticks are amusing, pretty, useful, dangerous, occasionally perverse, sometimes vicious. There are many variants of the familiar sword stick with one or two blades. Others were designed for thieves working in theaters and music halls, allowing the user to get a discreet grip on a handbag under a woman's chair. There are gun sticks designed for poachers and gun sticks purportedly designed to protect gamblers in dangerous situations — the ivory knob at the top has a gun muzzle concealed in its center, fired from a small pin on the side. One suspects that more than a few owners must have shot themselves, absently knocking the firing pin against a piece of furniture.

Other sticks show more sinister forms of invention. One has sharp steel tips that protrude on the side if someone tries to wrench it from you. Another contains a cat-o-nine-tails made of steel wire tipped with lead. In yet another there is a steel truncheon on a thick spring. But there are also instances of playfulness or charm: a dog-headed cane opens its mouth to grip the owner's gloves when he is indoors. The handle of another is carved in the form of a round-mouthed woman with long, streaming hair and serves as a cigarette holder. One stick has a knob containing a powder box and mirror. In a class by itself is a cane reputedly made by a *clockmaker* to enable him to scrounge cigarette butts without stooping.

There are walking sticks that contain liquor, water-color kits, whistles destined to express displeasure at the theater, even flutes and other more or less musical instruments.

And there are canes that are merely intended to be pretty and humorous or symbolic (three canes have ivory knobs carved in the shape of skulls). In the selection currently on view, devoted to sticks mostly related to the theater, there are many whose knobs are caricatural representations of famous actors or personalities, among them Offenbach, the famous mime Debureau, Coquelin and (a more recent one) Fernand Ledoux. With their cheerful good spirits, the Segas brothers may somehow remind one of characters out of a

Libiche comedy. This could be because they have acquired the tone of the period that most concerns them. They also have have their own collection of walking sticks, which they now keep to themselves. Collectors sometimes make unreasonable demands; one who asked to see the private collection insisted on trying to buy several pieces although he had been warned that they would not sell. When they refused, he left in a huff.

But the shop itself, now decorated with music-hall costumes and spangles as well as cane racks shaped to resemble Fernand and other stage figures, contains enough diversity and oddity to satisfy the most demanding among those addicted to the quaintly enduring or bizarre inventiveness of the past.

"La Canne et le Spectacle," Miguel and Gilbert Segas, Galerie 34, 34 Passage Jouffroy, through Feb. 28.

'Kaos' Faithful to Pirandello Stories

By Thomas Quinn Curtiss

PARIS — The Italian cinema has recently rediscovered Luigi Pirandello. Almost a half-century after his death, his work, in film form, is being introduced to another generation.

Marcello Mastroianni has presented his adaptation of "Henry IV," by Marcello Mastroianni as the de-

MOVIE MARQUEE

mented country squire who fancies — or pretends to fancy — that he is a medieval German monarch, obliging his sycophantic relatives to dress as though they had stepped from the pages of Sir Walter Scott. Pirandello's novel "The Late Matia Pascal" is being filmed at Cinecittà in Rome, and, from a quartet of Pirandello stories of rural Sicily in the 1890s, the Taviani brothers in their novel "Shooting" have extracted a hauntingly beautiful film that bears the overall title "Kaos."

This is indisputably the most faithful rendering of any Pirandello work to have reached the screen. It will surprise many, for it discloses a facet of the writer's genius that has been unfamiliar outside Italy.

Aboard, his fame has spread as a dramatist — and less widely as a novelist — who specialized in psychological puzzles, in tracing human behavior to its hidden sources; as a manipulator, for dramatic purpose, of schizophrenia, mythomania, delusions of grandeur and other derangements; and as an expert in exposing the often contrasting personalities that lie beneath the mask of an individual.

Here, though, we find him in different guise, not dealing clinically with world-weary neurotics but writing of plain country folk in a

manner not unlike that of another Sicilian native, Giovanni Verga, author of "Cavalleria Rusticana."

The first short story is of a farm woman, a widow with two sons. One son goes to the United States to seek his fortune; the other remains with his mother's help. Though he labors for her, she hates him for an offense divulged with an O. Henry twist in the final scene.

Another sketch has to do with a band of peasants who insist that they be granted their own burial ground, and trick a land-owner into providing it. The third brings before us a newly wed bumpkin who is a victim of lycanthropy: When the moon is full he is compelled to go out in the orchard and howl like a wolf. His behavior causes his neighbors to shun him, but his bride stays with him, refusing to go back to her family.

The final episode contains a bit of autobiography, with Pirandello evident in the famous man paying a visit in middle age to his native village, roaming through the house of his youth, conversing in his imagination with the phantom of his dead mother.

The four stories are united with a symbol: a hunted crow swooping above its human enemies. This set of folk tales has abiding fascination, reproduced on film with exemplary acting and directorial brilliance — and with pathos and frequently a contagious humor.

During his life, Pirandello's plans to contribute to the screen went awry. He was an avid movie-goer and as early as 1917 researched the technique of the medium for his novel "Shooting" in which a cameraman goes mad. When the talkies began, the dramatist was appalled by their crude mimicking of the stage. He agreed with Noel

Coward, who said: "No, I don't think the talkies will kill the theater. I think they will kill the talkies."

Pirandello feared that they would kill cinematography.

In 1932 he visited Hollywood, where George Fitzmaurice was directing Greta Garbo and Erich von Stroheim in a film of Pirandello's "As You Desire Me." He outlined a scenario for his most famous play, "Six Characters in Search of an Author," in which Max Reinhardt was to play the stage manager, but the project came to naught when his producer, Irving Thalberg, died suddenly.

CAPSULE reviews of films released recently in the United States:

"That's Dancing," written and directed by Jack Haley Jr., is a montage of movie dance sequences ranging from the Charleston number in Lubitsch's 1926 "So This is Paris" to "Fame," with more than a hundred scenes of Fred Astaire and Ginger Rogers, Gene Kelly, Rudolf Nureyev and Margot Fonteyn, and a multitude of others. Liza Minnelli, Sammy Davis Jr. and Gene Kelly are among the dancing stars who narrate this film, the first of the "That's Entertainment" school to venture beyond the MGM film library to the vaults of RKO, 20th Century Fox, Universal and other sources. But "That's Dancing" stumbles over its own feet," says Sheila Benson of the Los Angeles Times. "The film soars with its dancers but plummets with its narration. It is fuzzy, facile, leadenly unimaginative. . . . Does anyone who loves dance enough to be in the audience in the first place need to be told how old dance is?"

INTERNATIONAL ART EXHIBITIONS

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GERRY SHIKATANI
CERTAIN UN CERTAIN
A Japanese-Canadian poet in performance
Wednesday, January 23, at 6:30 p.m.
Canadian Cultural Centre
5 rue de Constantin Paris 7^e. Tel.: 351-35-73

GALERIE MERMOZ
PRE-COLUMBIAN ART
6, Rue Jean-Mermoz, 75008 PARIS. Tel.: 359.82.44

MUSÉE RODIN
77, rue de Varenne, Paris 7^e. Métro Varenne
Robert JACOBS
Daily (except Tuesdays) 10 a.m. - 11:30 a.m. and 2:30 p.m. - 5 p.m.
JANUARY 16 - APRIL 15

FONDATION CALOUSTE GULBENKIAN
Paragon Cultural Center
51 Avenue d'Iéna, Paris-16^e. Tel.: 720-86-84
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MICHEL-HENRY - SEBIRE
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10 a.m. to 1 p.m. - 2:30 to 7 p.m.
Sundays 7 p.m. - 9 p.m.
Hôtel George V - 723.54.00
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Nocturne, jeudi 12 (jusqu'à 22 h)
Métro: PORT DE CHAMPERRET
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ou TRUVALES

DOONESBURY
YEAR SOME
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DOES DR. JANATA
HAVE A RECIPE
FOR HIS
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SIR?
WHAT ABOUT
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BLESSED, HONEY.
WELL, THE DONOR SIDE
IS THAT, FRANKLY,
THERE AREN'T TOO
MANY LIBERALS
IN HAITI.
IF YOU DO
FIND ONE,
ODDS ARE
HE'S DEAD.
AND THE
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Handwritten signature and date: 1/20/85

Statistics Index

AMEX prices	P.10	Continental reports	P. 8
AMEX bid/ask	P.10	Firm rate index	P. 7
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SATURDAY-SUNDAY, JANUARY 19-20, 1985

ECONOMIC SCENE

Mounting U.S. Debt Load
Seen as Dangerous Burden

By LEONARD SILK
New York Times Service

NEW YORK — In his speech to the National Press Club this week, Henry Kaufman, executive director and chief economist of Salomon Brothers, the investment-banking concern, warned of dangers facing the United States and world economy as a result of the ballooning of private and public debt.

U.S. credit-market debt of individuals, businesses and governments climbed to an estimated \$7.2 trillion in 1984, up from \$2.4 trillion 10 years ago and \$1 trillion 20 years ago. But those figures understate the actual size of the total credit market, since there is a sharply expanding hidden debt — including futures, options, interest-rate swaps, currency swaps, credit guarantees by banks and insurers and lines of credit between companies — for which no aggregate data are available.

Debt grew by 7.3 percent annually during the 1960s and by 11.1 percent in the 1970s. After dipping briefly during the 1981-82 recession, it gained new momentum and climbed at a record pace of 14 percent in 1984.

Mr. Kaufman sees a number of dangers in this debt explosion. One is the risk to corporate solvency resulting from the rapid increase in short-term borrowing. In 1983 and 1984, the first two years of the recovery, short-term borrowing by nonfinancial corporations, mainly through bank loans and commercial paper, accounted for 62 percent of their total external financing, compared with a 35-percent share in the 1970s.

Corporations have been borrowing heavily under floating interest rates, hoping that sharply rising rates will not happen or will not last long or can be passed on. They could be caught short to the tune of many billions of dollars.

What is left of the long-term bond market, Mr. Kaufman says, has become the domain of the U.S. Treasury. Because of its huge issuance of long bonds, the federal government has saturated the market and pushed private borrowers into the shorter-maturity range, endangering those who can least withstand rising rates. Another ominous development has been the failure of the equity market to provide new capital for business. While nonfinancial corporations increased their debt by more than \$150 billion in 1984, their equity (retained earnings plus new equity issuance) fell by \$50 billion as a result of stock retirements reflecting mergers, acquisitions and leveraged buyouts.

THIS vast debt creation, Mr. Kaufman contends, has limited the performance of the equity market. The market value of shares rose step by step with the moderate growth of debt in the 1960s, but, since then, the equity market has gained very slowly while public and private debt has soared.

This rapid swelling of debt has increased the fragility of many financial institutions, whose assets and liabilities have risen much faster than their capital accounts. For some major financial institutions, Mr. Kaufman warns, all their capital would be wiped out, and more than wiped out, if their assets had to be liquidated to honor liabilities.

Mr. Kaufman's partner in the grim warning is Albert N. Wajsbower, managing director and chief economist of First Boston Corp. At the recent annual meeting of the American Economic Association in Dallas, Mr. Wajsbower said the credit markets have been marked by "an explosive mixture of chronic excess demand and rapidly expanding supply."

But he noted that while some crises of the earlier 1970s, such as the Penn Central and Franklin National Bank catastrophes, helped spawn credit crunches and recessions, the relatively mild reaction to later default threats, notably by the Continental Illinois Bank and the savings-and-loan subsidiary of the Financial Corp. of America, demonstrated that the public has come to

(Continued on Page 9, Col. 8)

Currency Rates

Late interbank rates on Jan. 18, excluding fees.

Official fixings for Amsterdam, Brussels, Frankfurt, Milan, Paris, New York rates at 4 P.M.

	\$	DM	FF	£	Yen	SFR	Yen
Amsterdam	3.295	4.025	11.330	34.90	6.181	5.447	136.14
Brussels	3.292	4.022	11.328	34.88	6.179	5.445	136.12
Frankfurt	3.291	4.021	11.327	34.87	6.178	5.444	136.11
London	1.128	2.588	10.242	21.915	4.034	7.159	338.9
Milan	1.949	4.143	10.436	30.475	5.635	30.475	298.75
Paris	1.128	2.588	10.242	21.915	4.034	7.159	338.9
Switzerland	1.128	2.588	10.242	21.915	4.034	7.159	338.9
Yen	1.128	2.588	10.242	21.915	4.034	7.159	338.9
Yen	1.128	2.588	10.242	21.915	4.034	7.159	338.9
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Interest Rates

	1 mo.	3 mos.	6 mos.	1 yr.
100% - 5% - 5%	5.00	5.00	5.00	5.00
200% - 5% - 5%	5.00	5.00	5.00	5.00
300% - 5% - 5%	5.00	5.00	5.00	5.00
400% - 5% - 5%	5.00	5.00	5.00	5.00
500% - 5% - 5%	5.00	5.00	5.00	5.00

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100% - 5% - 5%	5.00	5.00	5.00	5.00
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Kuwait
Has Plan
For OPEC

Pricing Average
Urged for Crudes

The Associated Press

KUWAIT — The oil minister, Sheikh Ali Khalifa al-Sabah, says that Kuwait has proposed a new pricing system for OPEC that would replace the one based on the current benchmark of \$29 per barrel for Saudi Arabian light crude.

The proposal, submitted to a conference of the Organization of Petroleum Exporting Countries last month in Geneva, would be based on a "basket" of various grades of OPEC crude oil, he said.

In an interview that appeared in the newspaper al-Watan on Friday, Sheikh Ali said that with such a system OPEC would be under less pressure to change prices to conform with fluctuations in demand for one of its numerous varieties of oil.

But oil industry analysts said such a system would be confusing, would require more cooperation than now exists in a cartel plagued by divisiveness and could lead to further disruptions in oil markets.

"It would be a speculator's dream come true," said Philip Verleger Jr., a Washington analyst who follows oil for Charles River Associates.

With each swing of open-market prices in relation to components of OPEC's average, "buyers would move from one crude to another and back again, haggling just the way they do in an Arab souk," Mr. Verleger said.

Dillard Springs, president of Petroleum Analysis Ltd., a New York consulting firm, said there would be confusion over the functioning or organization of a price-averaging system.

But, he said, Kuwait's proposal might find support from OPEC members who want to reduce Saudi Arabia's control over the cartel by shifting the benchmark away from the Saudi blend.

The al-Watan interview with Sheikh Ali was published before a new round of meetings of an OPEC committee that is studying the cartel's pricing policies in preparation for a gathering of all 13 OPEC ministers Jan. 28 in Geneva.

Under the current system, OPEC sets a price for its reference grade of oil, Arabian light, then establishes official prices above and below the benchmark for its other blends, based on whether they are of higher or lower quality.

In December, OPEC ministers agreed to audit members for compliance with price and production limits and realigned the price differentials in relation to Arabian light, which was kept at \$29.

The Surge in Index-Options Trading

Other Options Languish
As the S&P 100 Explodes

By Steven Greenhouse
New York Times Service

CHICAGO — Trading in stocks and stock options has languished in the past year, but trading in index options, which reflect the overall movement in the stock market, has grown by leaps and bounds. And no index option has succeeded more than the S&P-100 index option, which is traded on the Chicago Board Options Exchange.

Trading in the S&P-100 index option, which in effect gives investors the right to buy or sell the package of stocks making up the Standard & Poor's index of 100 blue chips at a set price on some future date, quintupled in 1984, to 250,000 contracts a day. At the same time, trading in individual stock options on the CBOE dropped by 18 percent, to about 232,000 contracts a day.

The surge in the two-year-old S&P index represents another victory for the exchange in its continuing efforts to dominate the options business. The CBOE, which was the first to offer exchange-traded stock options in 1973, was also the first to trade an index option — the S&P 100 — in March 1983. And though there have been other index options introduced since, including several by the American Stock Exchange, and by the CBOE itself, the S&P-100 index has expanded its early lead.

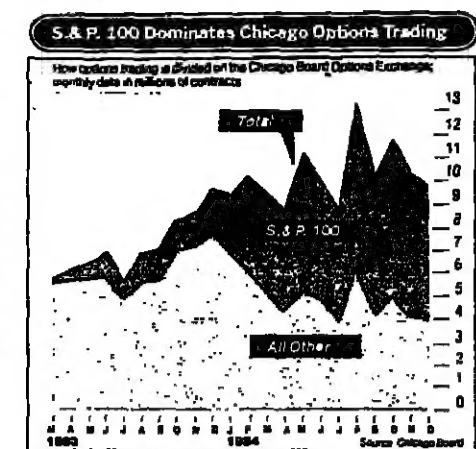
But while the S&P-100 index option has triumphed as a new business product, the success appears to have come, at least partly, at the expense of some of the CBOE's other business, luring customers who might have traded in individual stock options and thus cutting the liquidity of many of those options.

"There is no question that there has been some cannibalization of volume to index options from the other," said B. Macon Brewer, head of the Dean Witter Reynolds options unit.

Institutions and individuals have swarmed to the S&P-100 index option because it provides a simple-to-understand, easy-to-use hedge against stock market swings — or a way to gamble on those swings. And, like other options, it allows all this with limited risk.

"The S&P 100 has been so successful because it is such a wonderful reflection of the market," said Walter E. Auch, chairman of the CBOE. "Investors like it because it is easier to pick the movement

(Continued on Page 9, Col. 5)



London Contract Is Seen

Reuters

LONDON — A futures contract based on the Financial Times-Stock Exchange 100 index could be launched on the Chicago Board of Trade by year-end, the exchange's chairman-elect, Robert Goldberg, says.

Mr. Goldberg said in an interview Thursday that his goal for his one-year term include introducing futures contracts on London, Tokyo and Toronto stock-exchange indexes, expanding CBT trading hours and starting an over-the-counter stock-index futures contract.

Mr. Goldberg, a partner in the Chicago commodity firm of Goldberg Brothers, was in London to meet Friday with London Stock Exchange officials for discussions about the FT-SE contract. He is accompanied by the outgoing CBT chairman, Thomas Cunningham, and the Board of Trade Clearing Corp. president, Roger Rutz.

Mr. Goldberg said an agreement with the stock exchange could be reached within 30 days. The contract commencement would hinge on approval by the Commodity Futures Trading Commission, but trading could begin nine months after a pact with the stock exchange is obtained, he said.

Mr. Goldberg decided to concentrate on developing a cluster of domestically traded international stock indexes because of increasing investment in securities listed outside the United States. He said U.S. securities now constitute just 50 percent of the world total.

China, Utility Sign N-Plant Contract

By Jim Mann
Los Angeles Times Service

BEIJING — China and a Hong Kong utility signed a \$3.5-billion contract Friday to build the first of a series of large-scale nuclear power plants that had been proposed in hopes of easing China's energy problems.

Under the contract, a 1,800-megawatt plant will be built at Daya Bay, near China's border with Hong Kong. Completion of the plant is expected to take about seven years.

It will be the biggest single joint venture China has agreed to sign since it opened its doors to foreign investment. The initial capital for the venture will be \$400 million.

The Daya Bay plant will be unique among the power plants that China is planning to build, because it will sell 70 percent of its power to Hong Kong. Yet the signing of the contract is an indication that China intends to go forward with its plans for at least five or six new nuclear plants by the year 2000.

The contract signed Friday gives China a 75-percent interest in the joint venture, through the government-owned Guangdong Nuclear Investment Inc. China Light & Power Co., the Hong Kong utility, holds the remaining 25 percent.

The creation of the joint venture was the first step in a process of awarding contracts for the reactors and other equipment.

The prospect of a big building program for nuclear plants in China has touched off intense competition among French, West German, Japanese, and U.S. companies to win the contracts for nuclear equipment.

Chinese officials have been talking with the French company Framatome SA for several years about the possibility of supplying the reactors for the Daya Bay plant.

[Framatome will provide twin 900-megawatt pressurized reactors for the project, United Press International reported. The terms of that agreement have not been reported.]

U.S. nuclear officials have all but conceded that Framatome will supply the Daya Bay equipment and have been trying for the past year to get into position to win contracts for another proposed nuclear plant that is planned in Jiangsu province.

But U.S. nuclear companies are barred from doing business in China at the moment because of the lack of a nuclear cooperation agreement between the two countries.

Dunlop Rejects
As 'Inadequate'
A Bid by BTR

By Bob Haggerty
International Herald Tribune

LONDON — Dunlop Holdings PLC, struggling to regain profitability under new management, rejected Friday a "grossly inadequate" surprise takeover bid from BTR PLC.

BTR, a London-based industrial holding company, had announced early Friday an offer to acquire the tire, rubber and sporting goods company for about \$44 million (\$49 million) in cash and BTR shares. BTR also would assume about \$300 million of Dunlop's debt, assuming that banks agreed with BTR's proposal that they convert \$100 million of debt into BTR preference shares.

The stock market welcomed the bid, pushing BTR shares up 65 pence to close at 682 pence each. At that level, the offer of two BTR shares for every 59 Dunlop shares would value Dunlop shares at 23.1 pence each.

On the market, Dunlop shares closed at 36 pence, up 5 pence, as investors speculated that BTR would raise its offer or another bidder would appear.

The offer came as Dunlop was seeking shareholder approval for a plan to raise £142 million through the sale of new shares and conversion of bank debt into equity. BTR disclosed that it had acquired enough Dunlop preference shares to block the refinancing and thus allow BTR's bid to go through.

A senior banker who helped arrange the refinancing said that BTR's bid had a strong chance of succeeding if the company offered a fair proposal to Dunlop's 53 creditor banks. "It's an opportunistic bid, but from a good company," he said.

Investment analysts said banks and investors probably would be relieved to take shares in BTR rather than gamble on Dunlop shares, despite widespread esteem for Dunlop's new chairman, Sir Michael Edwards. Analysts also said the takeover would be a coup for BTR, although turning around Dunlop "is not exactly going to be a picnic," as Michael Monckton of Laing & Crickshank observed.

For about \$44 million, BTR would be acquiring Dunlop's annual sales of about £1 billion, some of them in such profitable areas as aircraft brakes and flexible housing for offshore oil rigs. Much of Dunlop's business complements or overlaps with operations of BTR, which in 1983 had sales of £1.97 billion.

BTR also could derive considerable tax relief from Dunlop's losses. On the negative side, BTR estimated that its debt would swell to total about 100 percent of equity. But BTR said it could rapidly reduce debt. Some analysts suggested that the company might sell Dunlop's profitable tire operations in the United States and South Africa.

As an alternative to its share-swap offer, BTR said it would pay 20 pence each in cash for Dunlop ordinary shares. In addition, BTR offered seven new BTR shares for every 55 Dunlop preference shares, or 75 pence in cash for each preference share.

Dunlop went astray in the 1970s by failing to reduce its bloated tire-making capacity, analysts say. Over the past two years, it has sold nearly all its European tire-making operations to Sumitomo Rubber Industries Ltd. of Japan.

1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055	2056	2057	2058	2059	2060	2061	2062	2063	2064	2065	2066	2067	2068	2069	2070	2071	2072	2073	2074	2075	2076	2077	2078	2079	2080	2081	2082	2083	2084	2085	2086	2087	2088	2089	2090	2091	2092	2093	2094	2095	2096	2097	2098	2099	2100
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Business Roundup **Spiderpillar Post** **\$128 Million**

Ask Soaring Plea
On Field

COMPANY NOTES

<p> AMERICAN ESCORT WORLDWIDE 201-761-7856 201-761-7754 </p>	<p> LONDON BELGRAY Local Escort To 733 5 </p>
<p> LA VEN NEW YORK 212-737 3291 </p>	<p> LONDON BEST ESCORT TEL 230 8 </p>
<p> AMERICAN ESCORT WORLDWIDE 201-761-7856 201-761-7754 </p>	<p> LONDON KENSINGTON Local Escort To 733 5 </p>
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BUSINESS ROUNDUP

Caterpillar Posted Loss Of \$428 Million in 1984

PEORIA, Illinois — Caterpillar Tractor Co. said Friday that it had a net loss of \$428 million in 1984, its biggest annual loss and its third in a row.

The loss was \$1.7 percent greater than Caterpillar's net loss of \$335 million in 1983. Sales in 1984 were up 21.4 percent, to \$6.58 billion from \$5.42 billion in 1983.

Caterpillar, the world's leading maker of heavy construction equipment, said the 1984 loss included large one-time charges because of layoffs, plant closings or consolidations and other changes made in Caterpillar's effort to return to profitability.

On the New York Stock Exchange, Caterpillar closed off .125 cents on Friday, at \$30.625.

In the fourth quarter, Caterpillar posted a loss of \$251 million, compared with a loss of \$11 million a

year earlier. Sales dipped to \$1.66 billion from \$1.7 billion.

Caterpillar posted a profit of \$24 million in the second quarter. The quarterly profit ended seven consecutive quarterly losses.

But in mid-September, company officials said their hopes for a profit for the full year had evaporated. They blamed the change largely on continued price discounting to overseas dealers because of the strong dollar and similar discounts offered by Caterpillar's chief rivals, led by Komatsu Ltd. of Japan.

Caterpillar late last year announced layoffs of more than 3,000 U.S. factory workers, trimmed salaries by 700 and said it would shift some U.S. operations to overseas plants.

The company said it closed out 1984 with 61,624 people on its worldwide payroll, up 3,500 from the end of 1983.

Grundig to Trim Work Force by 29%

Compiled by Our Staff From Dispatches
MUNICH — Grundig AG will cut its international work force by 29 percent in an effort to return to profit, the Bavarian electronics minister, Anton Jaumann, said Friday.

Mr. Jaumann, quoting Hermann Koning, the Grundig managing board chairman, said at a press conference that the company wanted 7,000 jobs to be cut, 2,000 of them in West Germany.

Grundig, which was bought April 1 by Philips NV of the Netherlands, has a work force of 24,000.

But a Grundig spokesman said the exact number of jobs to be cut had not been decided, and that the final figure could be far less than 7,000.

But he added that some operational areas would have to cut work force by 25 percent to 30 percent.

The company registered a loss of 286 million Deutsche marks (\$39.9 million) in the 1983-84 financial year, which ended March 31, 1984. This compared with a net profit of 65 million DM a year earlier.

The results prompted Grundig to issue a statement last month saying that it would need a far-reaching restructuring to counter declines in sales and retail prices.

Mr. Koning will give details of the program in about three weeks, the Grundig spokesman said.

The program is due to last until the end of 1986 and cost at least 250 million DM.

Mr. Koning has said that Grundig expects to reduce losses this year by at least 100 million DM but that it probably will not return to profit until 1986-87. (Reuters, AFP)

Bumiputra Head Promises Overhaul

KUALA LUMPUR — Tan Sri Basir Ismail, newly appointed executive chairman of the state-owned Bank Bumiputra, says he will revamp the bank's lending policies and staff, and repolish its tarnished image, in the wake of a scandal involving \$1 billion in bad loans to Hong Kong property companies.

But Mr. Basir, a 57-year-old former civil servant with no commercial banking experience, agreed that the bank would have to retreat from the competitive international market and concentrate on local business.

"We want to start full international banking again, but I have to put the house in order first," Mr. Basir said in a recent interview.

Many foreign bankers here say that Bank Bumiputra will not soon recover from the fiasco, in which about \$1 billion in loans made to Hong Kong property developers

between 1979 and 1983 went bad.

A three-man panel set up to investigate the bank's lending policies said it had evidence of corruption and criminal breach of trust by bank employees.

The foreign bankers said they think the bank faces problems not only abroad but also at home.

Mr. Basir conceded that Bank Bumiputra had had domestic loans, but he said they were not out of proportion to the bank's size.

In a related development, the bank won a court order Friday freezing the assets of three former executives of its Hong Kong subsidiary, Bumiputra Malaysia Finance. A similar order was tendered against another former executive on Thursday.

The orders bar the executives from disposing of their business interests here and allows the bank to check their files and documents.

Merrill Lynch Names Pinet as Adviser

International Herald Tribune
LONDON — Merrill Lynch & Co. announced Friday that it had appointed Herve M. Pinet, formerly president of Cite Financiere de Paris, as senior adviser to its capital markets division and to the senior management of the parent company.

Pinet said the appointment

U.S. Debt Is Seen as Peril

(Continued from Page 7)

take for granted that the authorities would not allow any sizable financial sector to default.

The recent entry of major insurance companies into the business of insuring banks and bond investors against default, he added, represents another effort to stretch the safety net. He presumed the "authorities will have to interdict a cascading of defaults if only to save the insurance industry."

Both Mr. Kaufman and Mr. Wijnolover blame financial deregulation for part of the dangers. The First Boston economist has long argued that deregulation of financial markets will ultimately spawn new and broader credit machinery "more onerous than its forebears."

A recession now, Mr. Kaufman warns, would arrest the feeble recovery in Europe and the developing world, and increase the risk of further deterioration in credit quality.

Elf, Norsk Seeking To Run Oil Field

OSLO — Elf Aquitaine Norge A/S and Norsk Hydro A/S, which own shares in the Norwegian oil field Ekofisk, said Friday that they have expressed interest in buying the field's ownership from Phillips Petroleum Co. Norway.

Phillips Norway said it was not willing to sell its 37-percent share.

But a spokesman indicated that Phillips needed to meet costs from a takeover bid by T. Boone Pickens, the Texas oilman.

Pleasurama, Trident Agree to Merger Pact

LONDON — Pleasurama PLC and Trident Television PLC have agreed to merge on the basis of a Pleasurama offer that values Trident at \$118.74 million (\$132.99 million), the companies announced Friday.

The terms amounted to about 249 pence per Trident ordinary share and about 237.5 pence per Trident "A" ordinary share. Pleasurama now holds 4.3 percent of Trident's ordinary shares and 4.4 percent of Trident "A" ordinary shares.

Under the terms, Pleasurama would exchange 7-percent convertible cumulative redeemable preference shares and \$1.83 in cash for every two Trident ordinary shares, the companies said in a joint statement.

For every two Trident "A" ordinary shares, Pleasurama is offering three of the 7-percent convertible preference shares and \$1.60 in cash.

Assuming that the preference stock is fully converted, Pleasurama would issue about 16.6 million

new ordinary shares representing about 32.2 percent of its enlarged share capital.

The cash part of the offer will cost Pleasurama about \$38.3 million.

Any merger between the two companies, both of which are involved in gaming and other leisure activities, would have to be approved by the Monopolies and Mergers Commission.

The commission turned down a \$36-million Pleasurama offer for Trident in 1983.

Index-Option Trading Surges

(Continued from Page 7)

of the market than the movement of individual stocks."

John M. Blin, a partner in Shatin Investment Corp., a Chicago-based trading house, said that index options are "as simple as could be." He explained: "You don't have to pick a stock. You don't have to analyze particular stocks. You can pick the whole market."

But the resulting decline in liquidity in some stock options could make it harder for portfolio managers who focus on a handful of stocks to hedge their risks on those stocks. What is more, some traders fear the downturn in stock options volume could portend a long-term decline in this once-booming area.

To be sure, many traders and exchange officials say the slide in stock-options trading is merely a temporary aberration caused by the Big Board's deliriums and the introduction of competing stock options by other exchanges. In their view, a bull market would do wonders for stock option volume — and liquidity.

"There's been a lot more new users attracted to index options than there are people who switched over from stock options," said Richard L. Sander, director of institutional financial futures for Drexel Burnham Lambert Inc., who said this boded well for overall options trading.

But for now, stock option pits at the Chicago exchange that only a

year ago had a total of 30 traders now have just half that. At the same time, trading in the S&P-100 index option pit has swelled to such a degree that it looks like an oversize rug scumming, with 350 raucous players, twice as many as a year ago.

In 1984, 66 million S&P-100 contracts were traded at the options exchange. At the American Stock Exchange, which has several index options, including ones covering the computer and oil industries, the most successful one is its Major Market Index option — based on the movement of 30 major stocks.

In 1984, that option's volume totaled 7 million contracts, which was almost three times as high as the previous year, but still just 11 percent of the volume for Chicago's S&P-100 option.

The Major Market Index is the second-most popular index option, behind the S&P 100, which has kept its lead because of the large liquidity developed in Chicago. The Philadelphia, New York and Pacific Stock Exchanges also have index options.

With stock options, the buyer obtains the right to buy (call) or sell (put) 100 shares of the underlying stock at a set price during the life of the option.

Index options vary not with the price of individual stocks, but instead with a basket of stocks that is designed to track the movements of the stock market in general.

COMPANY NOTES

Canadian Imperial Bank of Commerce, Canada's third-largest bank, expects profit in the 1985 fiscal year to increase from last year's \$282.4 million dollars (\$213.1), or 4.50 dollars a share, according to the bank's president, R. Donald Fullerton. He gave no specific projections for the year, which ends in October.

Delta Air Lines has announced that it plans to match fares offered by American Airlines or any other carrier in any market where Delta's services are competitive. The announcement apparently responded to American's introduction of "the ultimate super saver," which offers rates of up to 70 percent in 2,400 markets.

Financial Corp. of America, which was hurt by one of the most severe runs on deposits in U.S. his-

tory last summer, said that its net deposits had increased by more than \$2 billion in the final quarter of the year. In addition, the company said it had repaid \$743.7 million to the Federal Home Loan Bank during the period. Full quarterly results were not released.

Grupo Industrial Alfa SA, the holding company for Mexico's largest private conglomerate, has announced an offering to creditors of up to 45 percent of the company as repayment of \$350 million in debt. In addition, the holding company proposed a rescheduling of its remaining \$350-million debt over 12 years at an average interest rate of 10 percent.

Hanson Trust PLC's proposed merger with Powell Duffryn PLC has been cleared by the British Monopolies and Mergers Commission,

authorities said. Hanson Trust is a diversified group involved mostly in construction, food service and textiles, while Powell Duffryn is a holding group involved in engineering and transportation.

G. Heilemann Brewing Co.'s proposed purchase of Pabst Brewing Co. has been blocked pending a hearing of an antitrust challenge in federal court in Detroit. A U.S. Circuit Court has upheld an injunction barring the proposed \$63-million sale.

Intelligent Business Communications Corp. has announced an agreement with Nynex Corp.'s New York Telephone Co. under which Intelligent Business will trade its CSX-1024 multinode packet switches for a comprehensive network management software package.

Krauss-Maffei Bid May Be in Trouble

International Herald Tribune
FRANKFURT — West Germany's Federal Cartel Office sees "serious antitrust problems" in a formal bid to take over the Flick group's tank-making unit, Krauss-Maffei AG, by a consortium of banks, weapons manufacturers and investors, a government spokesman said Friday.

"The likelihood of our rejecting the bid is relatively high," the spokesman, Hubertus Schön, said. He said the office sees a strong possibility that the consortium leader, the aerospace company Messerschmitt-Bölkow-Blohm GmbH, would obtain "a dominant influence over Krauss-Maffei through the banks' participation in the bidding consortium, all of whom have stakes in MBB."

AUTOS TAX FREE

NEW PRICES: Land Rover, Range Rover, Toyota, 4x4, tropical pickup, 4x4, 2-door, 1.6, 1.8, 2.0, 2.5, 3.0, 3.5, 4.0, 4.5, 5.0, 5.5, 6.0, 6.5, 7.0, 7.5, 8.0, 8.5, 9.0, 9.5, 10.0, 10.5, 11.0, 11.5, 12.0, 12.5, 13.0, 13.5, 14.0, 14.5, 15.0, 15.5, 16.0, 16.5, 17.0, 17.5, 18.0, 18.5, 19.0, 19.5, 20.0, 20.5, 21.0, 21.5, 22.0, 22.5, 23.0, 23.5, 24.0, 24.5, 25.0, 25.5, 26.0, 26.5, 27.0, 27.5, 28.0, 28.5, 29.0, 29.5, 30.0, 30.5, 31.0, 31.5, 32.0, 32.5, 33.0, 33.5, 34.0, 34.5, 35.0, 35.5, 36.0, 36.5, 37.0, 37.5, 38.0, 38.5, 39.0, 39.5, 40.0, 40.5, 41.0, 41.5, 42.0, 42.5, 43.0, 43.5, 44.0, 44.5, 45.0, 45.5, 46.0, 46.5, 47.0, 47.5, 48.0, 48.5, 49.0, 49.5, 50.0, 50.5, 51.0, 51.5, 52.0, 52.5, 53.0, 53.5, 54.0, 54.5, 55.0, 55.5, 56.0, 56.5, 57.0, 57.5, 58.0, 58.5, 59.0, 59.5, 60.0, 60.5, 61.0, 61.5, 62.0, 62.5, 63.0, 63.5, 64.0, 64.5, 65.0, 65.5, 66.0, 66.5, 67.0, 67.5, 68.0, 68.5, 69.0, 69.5, 70.0, 70.5, 71.0, 71.5, 72.0, 72.5, 73.0, 73.5, 74.0, 74.5, 75.0, 75.5, 76.0, 76.5, 77.0, 77.5, 78.0, 78.5, 79.0, 79.5, 80.0, 80.5, 81.0, 81.5, 82.0, 82.5, 83.0, 83.5, 84.0, 84.5, 85.0, 85.5, 86.0, 86.5, 87.0, 87.5, 88.0, 88.5, 89.0, 89.5, 90.0, 90.5, 91.0, 91.5, 92.0, 92.5, 93.0, 93.5, 94.0, 94.5, 95.0, 95.5, 96.0, 96.5, 97.0, 97.5, 98.0, 98.5, 99.0, 99.5, 100.0, 100.5, 101.0, 101.5, 102.0, 102.5, 103.0, 103.5, 104.0, 104.5, 105.0, 105.5, 106.0, 106.5, 107.0, 107.5, 108.0, 108.5, 109.0, 109.5, 110.0, 110.5, 111.0, 111.5, 112.0, 112.5, 113.0, 113.5, 114.0, 114.5, 115.0, 115.5, 116.0, 116.5, 117.0, 117.5, 118.0, 118.5, 119.0, 119.5, 120.0, 120.5, 121.0, 121.5, 122.0, 122.5, 123.0, 123.5, 124.0, 124.5, 125.0, 125.5, 126.0, 126.5, 127.0, 127.5, 128.0, 128.5, 129.0, 129.5, 130.0, 130.5, 131.0, 131.5, 132.0, 132.5, 133.0, 133.5, 134.0, 134.5, 135.0, 135.5, 136.0, 136.5, 137.0, 137.5, 138.0, 138.5, 139.0, 139.5, 140.0, 140.5, 141.0, 141.5, 142.0, 142.5, 143.0, 143.5, 144.0, 144.5, 145.0, 145.5, 146.0, 146.5, 147.0, 147.5, 148.0, 148.5, 149.0, 149.5, 150.0, 150.5, 151.0, 151.5, 152.0, 152.5, 153.0, 153.5, 154.0, 154.5, 155.0, 155.5, 156.0, 156.5, 157.0, 157.5, 158.0, 158.5, 159.0, 159.5, 160.0, 160.5, 161.0, 161.5, 162.0, 162.5, 163.0, 163.5, 164.0, 164.5, 165.0, 165.5, 166.0, 166.5, 167.0, 167.5, 168.0, 168.5, 169.0, 169.5, 170.0, 170.5, 171.0, 171.5, 172.0, 172.5, 173.0, 173.5, 174.0, 174.5, 175.0, 175.5, 176.0, 176.5, 177.0, 177.5, 178.0, 178.5, 179.0, 179.5, 180.0, 180.5, 181.0, 181.5, 182.0, 182.5, 183.0, 183.5, 184.0, 184.5, 185.0, 185.5, 186.0, 186.5, 187.0, 187.5, 188.0, 188.5, 189.0, 189.5, 190.0, 190.5, 191.0, 191.5, 192.0, 192.5, 193.0, 193.5, 194.0, 194.5, 195.0, 195.5, 196.0, 196.5, 197.0, 197.5, 198.0, 198.5, 199.0, 199.5, 200.0, 200.5, 201.0, 201.5, 202.0, 202.5, 203.0, 203.5, 204.0, 204.5, 205.0, 205.5, 206.0, 206.5, 207.0, 207.5, 208.0, 208.5, 209.0, 209.5, 210.0, 210.5, 211.0, 211.5, 212.0, 212.5, 213.0, 213.5, 214.0, 214.5, 215.0, 215.5, 216.0, 216.5, 217.0, 217.5, 218.0, 218.5, 219.0, 219.5, 220.0, 220.5, 221.0, 221.5, 222.0, 222.5, 223.0, 223.5, 224.0, 224.5, 225.0, 225.5, 226.0, 226.5, 227.0, 227.5, 228.0, 228.5, 229.0, 229.5, 230.0, 230.5, 231.0, 231.5, 232.0, 232.5, 233.0, 233.5, 234.0, 234.5, 235.0, 235.5, 236.0, 236.5, 237.0, 237.5, 238.0, 238.5, 239.0, 239.5, 240.0, 240.5, 241.0, 241.5, 242.0, 242.5, 243.0, 243.5, 244.0, 244.5, 245.0, 245.5, 246.0, 246.5, 247.0, 247.5, 248.0, 248.5, 249.0, 249.5, 250.0, 250.5, 251.0, 251.5, 252.0, 252.5, 253.0, 253.5, 254.0, 254.5, 255.0, 255.5, 256.0, 256.5, 257.0, 257.5, 258.0, 258.5, 259.0, 259.5, 260.0, 260.5, 261.0, 261.5, 262.0, 262.5, 263.0, 263.5, 264.0, 264.5, 265.0, 265.5, 266.0, 266.5, 267.0, 267.5, 268.0, 268.5, 269.0, 269.5, 270.0, 270.5, 271.0, 271.5, 272.0, 272.5, 273.0, 273.5, 274.0, 274.5, 275.0, 275.5, 276.0, 276.5, 277.0, 277.5, 278.0, 278.5, 279.0, 279.5, 280.0, 280.5, 281.0, 281.5, 282.0, 282.5, 283.0, 283.5, 284.0, 284.5, 285.0, 285.5, 286.0, 286.5, 287.0, 287.5, 288.0, 288.5, 289.0, 289.5, 290.0, 290.5, 291.0, 291.5, 292.0, 292.5, 293.0, 293.5, 294.0, 294.5, 295.0, 295.5, 296.0, 296.5, 297.0, 297.5, 298.0, 298.5, 299.0, 299.5, 300.0, 300.5, 301.0, 301.5, 302.0, 302.5, 303.0, 303.5, 304.0, 304.5, 305.0, 305.5, 306.0, 306.5, 307.0, 307.5, 308.0, 308.5, 309.0, 309.5, 310.0, 310.5, 311.0, 311.5, 312.0, 312.5, 313.0, 313.5, 314.0, 314.5, 315.0, 315.5, 316.0, 316.5, 317.0, 317.5, 318.0, 318.5, 319.0, 319.5, 320.0, 320.5, 321.0, 321.5, 322.0, 322.5, 323.0, 323.5, 324.0, 324.5, 325.0, 325.5, 326.0, 326.5, 327.0, 327.5, 328.0, 328.5, 329.0, 329.5, 330.0, 330.5, 331.0, 331.5, 332.0, 332.5, 333.0, 333.5, 334.0, 334.5, 335.0, 335.5, 336.0, 336.5, 337.0, 337.5, 338.0, 338.5, 339.0, 339.5, 340.0, 340.5, 341.0, 341.5, 342.0, 342.5, 343.0, 343.5, 344.0, 344.5, 345.0, 345.5, 346.0, 346.5, 347.0, 347.5, 348.0, 348.5, 349.0, 349.5, 350.0, 350.5, 351.0, 351.5, 352.0, 352.5, 353.0, 353.5, 354.0, 354.5, 355.0, 355.5, 356.0, 356.5, 357.0, 357.5, 358.0, 358.5, 359.0, 359.5, 360.0, 360.5, 361.0, 361.5, 362.0, 362.5, 363.0, 363.5, 364.0, 364.5, 365.0, 365.5, 366.0, 366.5, 367.0, 367.5, 368.0, 368.5, 369.0, 369.5, 370.0, 370.5, 371.0, 371.5, 372.0, 372.5, 373.0, 373.5, 374.0, 374.5, 375.0, 375.5, 376.0, 376.5, 377.0, 377.5, 378.0, 378.5, 379.0, 379.5, 380.0, 380.5, 381.0, 381.5, 382.0, 382.5, 383.0, 383.5, 384.0, 384.5, 385.0, 385.5, 386.0, 386.5, 387.0, 387.5, 388.0, 388.5, 389.0, 389.5, 390.0, 390.5, 391.0, 391.5, 392.0, 392.5, 393.0, 393.5, 394.0, 394.5, 395.0, 395.5, 396.0, 396.5, 397.0, 397.5, 398.0, 398.5, 399.0, 399.5, 400.0, 400.5, 401.0, 401.5, 402.0, 402.5, 403.0, 403.5, 404.0, 404.5, 405.0, 405.5, 406.0, 406.5, 407.0, 407.5, 408.0, 408.5, 409.0, 409.5, 410.0, 410.5, 411.0, 411.5, 412.0, 412.5, 413.0, 413.5, 414.0, 414.5, 415.0, 415.5, 416.0, 416.5, 417.0, 417.5, 418.0, 418.5, 419.0, 419.5, 420.0, 420.5, 421.0, 421.5, 422.0, 422.5, 423.0, 423.5, 424.0, 424.5, 425.0, 425.5, 426.0, 426.5, 427.0, 427.5, 428.0, 428.5, 429.0, 429.5, 430.0, 430.5, 431.0, 431.5, 432.0, 432.5, 433.0, 433.5, 434.0, 434.5, 435.0, 435.5, 436.0, 436.5, 437.0, 437.5, 438.0, 438.5, 439.0, 439.5, 440.0, 440.5, 441.0, 441.5, 442.0, 442.5, 443.0, 443.5, 444.0, 444.5, 445.0, 445.5, 446.0, 446.5, 447.0, 447.5, 448.0, 448.5, 449.0, 449.5, 450.0, 450.5, 451.0, 451.5, 452.0, 452.5, 453.0, 453.5, 454.0, 454.5, 455.0, 455.5, 456.0, 456.5, 457.0, 457.5, 458.0, 458.5, 459.0, 459.5, 460.0, 460.5, 461.0, 461.5, 462.0, 462.5, 463.0, 463.5, 464.0, 464.5, 465.0, 465.5, 466.0, 466.5, 467.0, 467.5, 468.0, 468.5, 469.0, 469.5, 470.0, 470.5, 471.0, 471.5, 472.0, 472.5, 473.0, 473.5, 474.0, 474.5, 475.0, 475.5, 476.0, 476.5, 477.0, 477.5, 478.0, 478.5, 479.0, 479.5, 480.0, 480.5, 481.0, 481.5, 482.0, 482.5, 483.0, 483.5, 484.0, 484.5, 485.0, 485.5, 486.0, 486.5, 487.0, 487.5, 488.0, 488.5, 489.0, 489.5, 490.0, 490.5, 491.0, 491.5, 492.0, 492.5, 493.0, 493.5, 494.0, 494.5, 495.0, 495.5, 496.0, 496.5, 497.0, 497.5, 498.0, 498.5, 499.0, 499.5, 500.0, 500.5, 501.0, 501.5, 502.0, 502.5, 503.0, 503.5, 504.0, 504.5, 505.0, 505.5, 506.0, 506.5, 507.0, 507.5, 508.0, 508.5, 509.0, 509.5, 510.0, 510.5, 511.0, 511.5, 512.0, 512.5, 513.0, 513.5, 514.0, 514.5, 515.0, 515.5, 516.0, 516.5, 517.0, 517.5, 518.0, 518.5, 519.0, 519.5, 520.0, 520.5, 521.0, 521.5, 522.0, 522.5, 523.0, 523.5, 524.0, 524.5, 525.0, 525.5, 526.0, 526.5, 527.0, 527.5, 528.0, 528.5, 529.0, 529.5, 530.0, 530.5, 531.0, 531.5, 532.0, 532.5, 533.0, 533.5, 534.0, 534.5, 535.0, 535.5, 536.0, 536.5, 537.0, 537.5, 538.0, 538.5, 539.0, 539.5, 540.0, 540.5, 541.0, 541.5, 542.0, 542.5, 543.0, 543.5, 544.0, 544.5, 545.0, 545.5, 546.0, 546.5, 547.0, 547.5, 548.0, 548.5, 549.0, 549.5, 550.0, 550.5, 551.0, 551.5, 552.0, 552.5, 553.0, 553.5, 554.0, 554.5, 555.0, 555.5, 556.0, 556.5, 557.0, 557.5, 558.0, 558.5, 559.0, 559.5, 560.0, 560.5, 561.0, 561.5, 562.0, 562.5, 563.0, 563.5, 564.0, 564.5, 565.0, 565.5, 566.0, 566.5, 567.0, 567.5, 568.0, 568.5, 569.0, 569.5, 570.0, 570.5, 571.0, 571.5, 572.0, 572.5, 573.0, 573.5, 574.0, 574.5, 575.0, 575.5, 576.0, 576.5, 577.0, 577.5, 578.0, 578.5, 579.0, 579.5, 580.0, 580.5, 581.0, 581.5, 582.0, 582.5, 583.0, 583.5, 584.0

Jan. 18

Q National Market Prices

WICK NYCE

[illegible]

UM (NYME)
- dollars per oz

1.50
0.85
53.00
0.75
96-27
26-28
96-68
2.238
0.71
1.50V
8.36

18

REC

2-1

4-3
2-27

1-28

1-29
3-15

2-15
2-1
1-31
3-22
2-15
3-22
2-28
2-15
3-1
2-15
1-25
1-31
2-14
2-17
2-4
2-4
3-1

SET2

ns

Mar
1/76
1/6
1/6
1/6
1 1/4
4
7 1/4

86

